As of 12 p.m. ET **DJIA** 10821.11 ▲ 0.33% **FTSE 100** 5673.63 ▲ 0.52% **Nikkei 225** 10774.15 ▼ 0.47% **Shanghai Comp.** 3053.13 ▼ 0.70% **Hang Seng** 20987.78 ▲ 0.26% **Sensex** 17451.02 ▲ 0.23% **S&P/ASX 200** 4874.75 ▲ 0.92%

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THE WALL STREET JOURNAL.

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DOWJONES A NEWS CORPORATION COMPANY asia.WSJ.com

Google braces for fallout

By Loretta Chao

BEIJING—**Google** Inc.'s decision to reroute its Chinese users to a search site in Hong Kong that it doesn't censor was met with a mixture of resentment and confusion in China, as users, employees and partners braced for potential fallout from the move.

Chinese authorities took no apparent action to block people in mainland China from reaching the Hong Kong site, Google.com.hk.

But the extensive filtering mechanisms the government uses against overseas Web content blocked users within China from seeing results for some politically sensitive search terms on the Hong Kong site.

The Google decision was met with relief by some of its Chinese staff, who have waited in limbo since the U.S. company first vowed more than two months ago to stop obeying Chinese censorship rules.

"There is a lot of relief at having some answers, after all the speculation as to what would happen," said a Google China employee about the atmosphere at the Internet giant's Beijing office, which was heavily guarded on Tuesday to keep out a swarm of journalists.

Still, the move left a number of uncertainties, such as whether the Hong Kong site will remain accessible, whether Google will be allowed to continue to run its other Chinese operations—including advertising sales and research and development—and what impact there might be on Google's partnerships with Chinese companies such as Internet portal **Sina.com** and state-owned telecommunications carrier **China Mobile** Ltd.

Agence France-Presse/Getty Images

Uncertainty remained, such as if the Hong Kong site will remain accessible. Above, the Google logo reflects on the firm's Beijing office.

"Many details need to be clarified," said Xing Ming, chief executive of Chinese online forum Tianya.cn, which uses Google search on its site and in which Google owns a stake. "There still needs to be further discussion on whether [Google] will continue cooperation with its Chinese partners, or drop out of the partnership."

A Google spokeswoman said Google will fulfill its contractual obligations to customers and partners.

A public relations director at Sina said the company has developed its own search engine, and can use it in place of the Google search bar on its home page. China Mobile didn't respond to a request

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Malaysia to change policies on race

By Peter Stein

HONG KONG—Malaysian Prime Minister Najib Razak said his government is planning to adopt new affirmative-action policies that are "more market friendly" but said the pace of reforms will depend in part on "people's buy-in to the changes."

In an interview Tuesday, Mr. Najib also addressed concerns about religious unrest in Malaysia, the trial of opposition leader Anwar Ibrahim and the use of oil revenue to subsidize domestic fuel prices.

After taking power in April 2009, Mr. Najib announced a relaxation of restrictions in the country's services sector, including moves to encourage foreign investment in tourism and legal and financial services.

"The market, I must say, has not appreciated the significance of those changes," the 56-year-old Mr. Najib said in Hong Kong, where he spoke at a Credit Suisse investor conference. Also underappreciated, he said, were "the political risks we have to take to examine some of these policies and reform these policies."

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Rookies drive Hong Kong realty

By Jonathan Cheng

HONG KONG—One is a Chinese state tobacco company. Another, a Japanese ramen chain. And finally, an obscure Hong Kong semiconductor manufacturer.

What they have in common: They are the latest companies to jump on the real-estate bandwagon as prices soar in Hong Kong and mainland China. For some experts, they are also troubling evidence of froth in both property markets.

Last week, a small manufacturer of diodes and transistors called **Sino-Tech International Holdings** Ltd. stunned investors by announcing that it was "diversifying into the property sector," buying a luxury three-story residence in Hong Kong's swank Peak district for more than 280 million Hong Kong dollars (US$36 million) in cash, one of the biggest sums ever for a property here.

ImagineChina/Agence France-Presse

Ajisen Ramen, a popular noodle chain, is now a Shanghai landlord.

Sino-Tech wanted to take advantage of "a good investment opportunity" and "diversify its income base," the company said, but shareholders were unimpressed, shaving off about a quarter of the company's market capitalization in two days.

That made Sino-Tech the latest in a string of companies large and small, state-owned and privately run, that are piling into Hong Kong and mainland China's property market—despite no demonstrable experience in the sector.

Hong Kong's small and open market has long made it one of the region's most volatile, while mainland China's relatively immature market is still prone to wild price swings and policy risks.

But historically low borrowing rates and large government stimulus packages have brought a rush of relatively unsophisticated latecomers into the real-estate market in search of easy money.

Regulators and market players worry that these investors are pushing prices to irrational levels, plunking down sums of money that better reflect their ability to

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Associated Press

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* * *

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How America now shops: dollar stores, online retailers (watch out, Wal-Mart)

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Rare China deficit puts new focus on policy

By Andrew Batson And Terence Poon

BEIJING—The prospect that China may report its first monthly trade deficit in six years could offer an unexpected boost to the nation's position in the increasingly heated international debate over its currency policy.

Top Chinese officials have in recent days said trade numbers for March could show China imported more than it exported this month—its first monthly deficit since April 2004. The official numbers for March aren't scheduled to be reported until April 10, but the rush to add supportive data to their talking points highlights how Chinese officials are stepping up their defense of a policy that has drawn criticism from trading partners.

Officials from the U.S. and Europe have argued that China's persistently large trade surpluses show its currency, which has been held fixed to the U.S. dollar since mid-2008, is undervalued to give Chinese exporters a competitive advantage. Chinese officials counter by pointing out that their nation's trade surplus has declined sharply in the past year, and argue that China's large stimulus program helped it keep buying from the rest of the world, thereby supporting global economic growth.

China's economic growth last year "was achieved mainly by relying on domestic demand," Premier Wen Jiabao said in a meeting with foreign executives Monday. China's trade surplus thus has been narrowing, and in the first one-third of March, China ran a trade deficit of about $8 billion, he said.

The premier's remarks followed comments from Minister of Commerce Chen Deming at a conference Sunday that he expected a trade deficit for the full month of March. Mr. Chen argued that the strong growth in China's imports helps foreign businesses, and he noted that in the first two months of 2010, imports from the U.S. were up 37%, from Europe up 35% and from Japan up 48%. China's trade surplus for January and February already was down 50% from a year earlier.

An actual trade deficit in March, rather than just a smaller surplus, could give more weight to China's arguments that the global economy is improving without an appreciation of the yuan. China's trade surpluses stand out during the current global downturn because they show the country is adding to its own growth by selling to other countries. By the same token, a deficit would be a welcome sign that other countries are boosting their growth by selling to China.

"A trade deficit in March, if realized, would be positive and likely would help reduce international political pressure on China in relation to currency and trade," Barclays Capital economists said Tuesday.

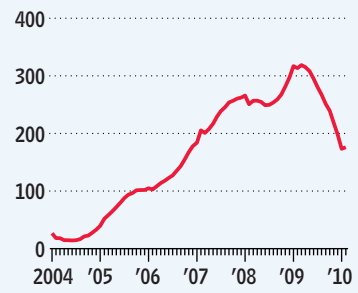
Still, many economists don't expect any trade deficit to last long, and China is still likely to post a large trade surplus this year. The World Bank forecasts that China's current-account surplus, the broadest measure of its trade position, will increase this year to $304 billion, after falling sharply to $284.1 billion in 2009 from a record $426.1 billion in 2008.

Many U.S. lawmakers are pressing President Barack Obama's administration to take action against China on the currency. The U.S. Treasury Department is scheduled to issue its semiannual report on currency policies on April 15, in which it must decide whether to formally label China a currency manipulator.

—Ian Johnson contributed to this article.

Down, but not out

China's trade balance, 12-month total in billions of U.S. dollars



Pictured, a bulk carrier cargo ship at an iron-ore transfer and storage center in Shanghai.

Sources: China's General Administration of Customs; Bloomberg News (photo)

WORLD NEWS: CHINA

Rio Tinto case shows industry chaos

Shortage of steelmaking material, volatile pricing and numerous small buyers open door to questionable activity

By James T. Areddy And Alex Wilson

SHANGHAI—A startling courtroom admission by **Rio Tinto** PLC employees that they took bribes has highlighted the topsy-turvy world of iron-ore trading in China, which can provide ample opportunity for unscrupulous activity.

In resource-rich countries, exploration companies are sometimes under pressure to give bribes—often for extraction rights. In China, corruption tends to work in a different way. The employees in the Rio Tinto case, including Australian national Stern Hu, are charged with receiving payments.

High-grade mineral is in short supply, shipping prices are extremely volatile and more than 800 small steel companies compete against each other to buy ore to meet aggressive production targets. The difficulty in locking in supplies at predictable prices opens the door to bribery. Business relationships are cemented with cash, amid trading worth billions of dollars a year.

On Tuesday morning, the Shanghai court wrapped up testimony about the alleged bribery, but attending Australian consular officials and lawyers declined to provide details. The final half of the case, expected to conclude Wednesday, is closed to spectators. It is related to allegations the four executives stole commercial secrets. No charges or responses have been made public.

Few details of how the alleged bribery was structured have emerged, such as who were the executives' purported co-conspirators and when the activity allegedly took place.

What is known is that on the opening day of the trial Monday prosecutors alleged about $11.25 million in bribes were accepted by the Rio Tinto employees, according to lawyers who attended the sessions. That figure is about a third of a single day's sales in 2009 in China, where Rio Tinto reported $10.69 billion in revenue, or 24% of its global total.

The four defendants include Mr. Hu, born in Tianjin, China. He was hired to run Rio Tinto's iron-ore sales business in the country's north in the mid-1990s, became an Australian citizen in 1997 and about four years later took charge of the miner's national sales team.

Two of the other three Chinese nationals, like Mr. Hu, challenged the allegations, including the amounts of the alleged bribes and the characterization of the action, according to lawyers. The remaining executive didn't challenge charges, his lawyer said.

Agence France-Presse

Australian Consul-General Tom Connor, left, and staff arrive at Shanghai court.

Members of Rio Tinto's mineral-sales team are paid straight salaries and bonuses based on corporate, not individual, performance.

Statements of guilt by the executives may be a courtroom tactic aimed at winning sympathy, legal analysts said. The analysts contend it is unlikely the four will escape punishment. Few cases in China that make it to trial end in acquittal, and the best the accused may hope for is leniency in sentencing.

Rio Tinto's business puts its executives face to face with the largest steel industry in the world—China's—one with more than 800 companies that together produce about 40% of world output. None control more than 5% of the market, or have much negotiating leverage with suppliers of iron ore, a metallic black or red rock that is the industry's basic feedstock. Australian iron ore from Rio Tinto is especially high grade and in demand.

China spent $50.14 billion importing ore last year, more than any nation. The government concedes it has been unable to negotiate pricing, buy in a systematic way or allocate the mineral effectively.

Until recently, ore prices worldwide were established in high-stakes, but established, annual negotiations between sellers and major customers in Japan and South Korea, aimed at setting a benchmark. The explosion in demand from China's diffuse steel industry has undercut the benchmarking system. Today, many Chinese steelmakers approach sellers directly to negotiate prices, and have frustrated various strategies by Beijing to translate national demand into bargaining power.

Efforts are under way to restructure the global pricing system. But in China, brutal competition and price uncertainty leave steel makers jostling for access to ore.

Facing related pressures, suppliers and their brokers are keen to ensure contracted sales actually get fulfilled. Cash is the foundation of personal business relationships, and it moves both ways.

Ore can take 45 days to arrive in China from Australia, Brazil, India, Mauritania and a handful of other nations where it is extracted. During that time, its price is subject to volatility, including in the cost of shipping and of unexpected delays in offloading at ports. A 150,000 metric ton cargo can be subject to negotiation as it sails port to port, with minor dollar amounts per ton adding up to big money. In this chaotic system, customers sometimes resort to bribing salesmen.

"You are paying the buyer to buy the goods but the buyer is going to take care of you as well," says a Shanghai-based minerals dealer who has dealt extensively in iron ore and says he has witnessed numerous corrupted deals.

Under a kickback scenario outlined by the dealer, a potential buyer might tell a would-be supplier's representative he'll pay him $2 a ton personally for every ton sold at a certain price. "That's essentially a bribe," says the dealer.

In other cases, dealers can agree to adjust invoices or offer more ore than a buyer demands, giving the employee a chance to broker the product privately.

Overall, China carries a middling rank for corruption. In watchdog group Transparency International's 2009 Corruption Perception Index, China placed 79th on a list of 180 nations, behind Brazil and Peru, but better than India and Thailand.

The global mining industry is no stranger to murky legal environments. With resources in established mining countries starting to dwindle, companies are increasingly searching for their next big project in new frontiers. This search has raised risks associated with unstable governments: ethnic conflicts, weak rule of law, lax environmental regulations. All have embroiled miners in controversies and conflicts.

Rio Tinto and its man competitor **BHP Billiton** Ltd. have in recent years sought to shape their corporate cultures to guard against bribery, by emphasizing best practices, alongside historic ties to big mining.

At the trial this week, Rio Tinto officials highlighted an ethics code displayed prominently on its Web site that includes antibribery provisions, including translation into Chinese. But beyond the idiosyncrasies of China's iron-ore trade, the nation is a difficult one in which to monitor executives.

"Companies like Rio Tinto rely heavily on people like Stern Hu, who were brought up in China or are citizens of China, who understand the cultural complexity of the system," said Pradeep Taneja, who lectures on Chinese business and politics at the University of Melbourne and is a former consultant to the Chinese steel industry.

As the pricing system has been adjusted, Rio Tinto increasingly sidestepped the government-run oreallocation system and began selling more directly to Chinese steelmakers, according to analysts.

Industry analysts say many Chinese steelmakers care far more about guaranteeing their access to the mineral to maintain production than how much it costs to obtain it.

Chinese prosecutors have never publicly outlined their charges against the Rio Tinto employees, and the lack of transparency in the process has raised concerns among businesses that it reflects government displeasure with the company's strategies in China.

The heat on Rio Tinto has remained: A Chinese researcher addressing a United Nations panel in Geneva blasted Rio Tinto, BHP and Brazil's **Vale** SA as a monopoly, saying their pricing has cost his nation's industry billions of dollars.

In addition to bribery, the case involves charges the executives stole corporate secrets. But that aspect of the case, scheduled to conclude Wednesday, is closed to outsiders.

Legal analysts don't anticipate an immediate verdict.

—Devon Maylie in Geneva contributed to this article.

Tricky terrains

Transparency International scored listed companies based on information they provided on their policies and measures to combat corruption. The average scores for companies, by location:

Highest standard: ★★★★★
Lowest standard ★

Score	Country
★★★	Canada
★★★	U.S.
★★★	Switzerland
★★★	Netherlands
★★★	U.K.
★★	Spain
★★	Italy
★★	Average*
★★	Germany
★★	Sweden
★★	France
★★	South Korea
★★	Hong Kong
★	Japan
★	Belgium
★	**China**
★	Taiwan
★	Russia

*Average of 486 companies

Source: Transparency International, 2009 report on corporate practices

Man stabs to death eight children at school

By Gordon Fairclough

SHANGHAI—A former community doctor allegedly stabbed to death eight children and injured five others at a primary school in east China's Fujian province, authorities said, as China grapples with a rise in high-profile criminal violence in its cities.

Police in Nanping city said they arrested Zheng Minsheng, 41 years old, at the site of the attack, which occurred as students were arriving to start school in the morning.

A spokesman for the city government said the cause of the attack remained under investigation. State media said Mr. Zheng had a history of mental illness.

Such episodes remain relatively rare in China. But a series of bloody multiple killings in recent years has highlighted shortcomings in policing as well as mounting social frictions that experts say are spurring crime. Knives are often the weapon of choice, in part because China sharply limits its citizens' access to firearms. Regular police also don't routinely carry guns.

"The government hasn't paid enough attention" to the problem of violent crime, said Pi Yijun, a criminology professor at the China University of Political Science and Law in Beijing. He said crime rates are edging up, driven by unemployment and other economic problems, and the widening gap between rich and poor. Mr. Pi said that in many cases, attackers "think they were unfairly treated by society."

In 2008, a 28-year-old man stabbed to death six Shanghai policemen in a police station in a case that ended up winning the convicted killer a fair measure of public sympathy after local media reported the man, Yang Jia, had been arrested and beaten by Shanghai police in 2007 for riding an unlicensed bicycle. His attempt to file a lawsuit against the police was thwarted. Mr. Yang was executed in 2008.

After Tuesday's attack on the school, a number of online comments about the incident focused on social pressures presumed to be behind the violence. "Another guy who is getting revenge on society," wrote one person on a bulletin board. "What a society that makes people so crazy," wrote another.

Attacks succeed even in the face of tightened security. An unemployed Chinese man killed the brother-in-law of a U.S. Olympic volleyball coach during the first weekend of the Beijing Olympics in August 2008, amid a massive security clampdown in the capital. That man committed suicide.

—Bai Lin contributed to this article.

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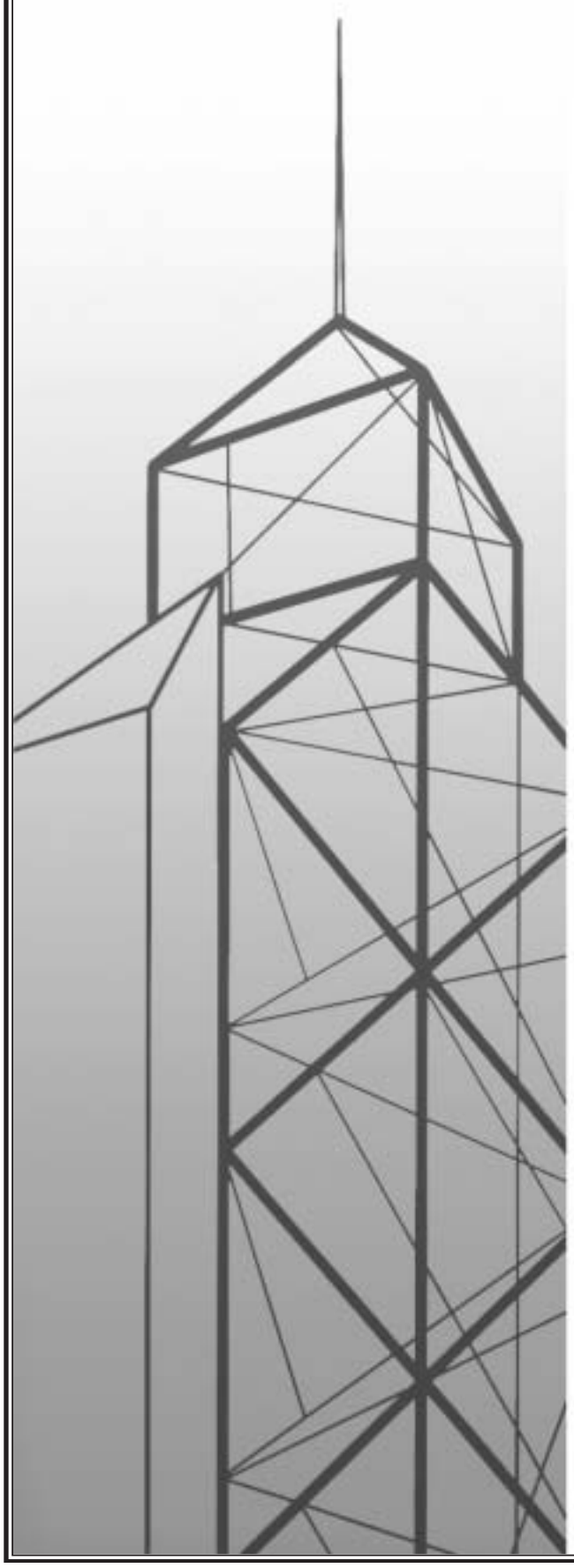

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- Extensive overseas institutional network
- Full service diversified financial service platform

Remarkable business growth :

- Assets and liabilities continued to expand
  - Total assets reached RMB 8.75 trillion, up by 25.84%
  - Total liabilities reached RMB 8.21 trillion, up by 27.00%
  - RMB assets accounted for 72.44% of total assets, up by 7.2 percentage points
  - The proportion of RMB and foreign currency demand deposits in domestic operations increased
- Financial performance continued to grow
  - Profit attributable to shareholders reached RMB81,068 million, up by 25.96%
  - Return on Average Equity was 16.62%
  - Return on Average Asset was 1.09%
  - Core Capital Adequacy Ratio was 9.07%, Capital Adequacy Ratio was 11.14%
- Asset quality continued to improve
  - The impaired loan was RMB76,006 million, decreased by RMB14,873 million
  - Impaired loan ratio was 1.55%, decreased by 1.21 percentage points
  - Non-performing loan coverage ratio was 151.17%, up by 29.45 percentage points
- Domestic business grew at high speed
  - Domestic RMB loan increased by RMB1.17 trillion, up by 50.09%, market share up by 1.05 percentage points
  - Domestic RMB deposit increased by RMB1.38 trillion, up by 35.09%, market share up by 0.62 percentage point
- Non-interest income continued to increase
  - Non-interest income reached RMB 73,735 million, up by 11.79%
  - Non-interest income represented 31.70% of operating income, up by 2.88 percentage points
  - Net fee and commission income was RMB46,013 million, up by 15.19%
- Overseas business achieved a good development
  - Overseas operating income increased by 16.85%. Net profit contribution improved
  - Operating income from non-commercial banking business increased by 50.49%

WORLD NEWS: ASIA

U.S. sees hope in Pakistan request

Islamabad seeks military and civil aid from Washington; perceived as exchange for crackdown on Taliban

By Matthew Rosenberg And Peter Spiegel

Pakistan sent a 56-page document to the U.S. ahead of strategic talks scheduled for Wednesday, seeking expanded military and economic aid in what some American officials believe is an implicit offer to crack down in return on the Afghan Taliban.

The previously undisclosed document includes requests ranging from U.S. help to alleviate Pakistan's chronic water and power shortages to pleas for surveillance aircraft and support in developing the country's civilian nuclear program.

U.S. officials say the document and the talks surrounding it could help redefine one of America's thorniest foreign-policy relationships, if it leads to a serious Pakistani clampdown on the Taliban.

The Taliban uses Pakistan, a U.S. ally, as its rear base in its fight against American and allied forces in neighboring Afghanistan, and has often relied on clandestine support from elements of Pakistan's national security establishment. But in the past few months, Pakistan has rounded up several senior leaders of the Afghan Taliban on its soil, and last year it began a series of offensives against the Pakistan offshoot of the Afghan movement.

U.S. officials are keen to see those moves broadened as a key to shifting the momentum of the Afghan war. "Right now, we're looking at something that could deliver a big part of our success in Afghanistan," said a senior U.S. military official, speaking of the document and talks.

The document outlines a range of aid Pakistan is seeking from the U.S., say American and Pakistani officials who have seen it or been briefed on its contents. A high-level meeting between senior Pakistani and U.S. officials in Washington on Wednesday aims to stitch together their fraying alliance.

Many of Pakistan's requests build on longstanding demands for more U.S. assistance. But officials on both sides say that by detailing them in a single comprehensive document, Islamabad is trying to signal its willingness to align its interests with those of Washington, its vision for a partnership—and its price.

Among the requests is greater cooperation between its spy agency and U.S. intelligence outfits, more helicopter gunships and other military hardware needed to battle its own Taliban insurgency, and improved surveillance technology, such as pilotless drone aircraft.

Pakistan also wants a civilian nuclear energy cooperation deal with the U.S., and a role in any future peace talks between the Western-backed Afghan government and the Taliban.

Many U.S. officials remain wary of such deals with Pakistan. Since the Sept. 11, 2001, attacks on the U.S., Pakistan has received more than $17.5 billion in U.S. aid, the majority earmarked for the military and security, while insisting it was doing all it could to combat the Taliban and its Islamist allies.

U.S. officials have complained that Pakistan's intelligence services continued to offer clandestine support for the Taliban, which it has long viewed as a proxy it could use to secure its influence in Afghanistan and keep archrival India out after an eventual U.S. withdrawal.

"Everything with the Pakistanis is two steps forward and one step back," said a senior U.S. military official involved in talks with the Pakistanis. "Anybody who expects straight linear progress out of a strategic dialogue between these two nations is really kind of naïve. What it will be is a step forward and then we'll see where they go with it."

Pakistan's fears of being outflanked by India, which has forged close ties to the Afghan government, are reflected in the document's indirect language about regional security issues, Pakistani officials say. The document raises concerns about India's effort to modernize its military, in part through buying U.S. equipment and weapons. It urges Washington to take a direct role in reviving the peace process between India and Pakistan, which stalled after the November 2008 terror attacks on Mumbai.

If officials this week can begin setting the U.S. relationship with Pakistan on a footing of greater trust and military cooperation, it would mark a success for the Obama administration's foreign policy at a time when key relations with other nations, from ally Israel to nemesis Iran, are strained.

In response to the document, officials say the Pentagon is considering up to $500 million in additional military aid to Pakistan, paid through the Coalition Support Fund, an account used to reimburse Pakistan for military activities taken in support of U.S. operations in Afghanistan. Last year, the U.S. provided $2.8 billion in economic and security aid to Islamabad.

A spokesman for Pakistan's military, Maj. Gen. Athar Abbas, confirmed the document's existence and the military's input, but he declined to discuss its contents. Aides to Adm. Mike Mullen, chairman of the U.S. Joint Chiefs of Staff and the Pentagon's primary interlocutor with Pakistan's military leadership, confirmed his staff had received the document and were analyzing it.

Michael Hammer, a spokesman for the National Security Council, said the White House looked forward to this week's talks, but would not comment on any specific proposals made during meetings between "scores" of senior U.S. officials and Pakistani counterparts over the past year.

"During the course of those discussions, a considerable number of ideas, initiatives, and opportunities have been brought up by both sides," Mr. Hammer said. "We are not prepared to comment on any one set of ideas other than to say that we are encouraged by an open and robust dialogue."

The document comes out of months of delicate and often secret negotiations between top political and military officials from both countries., to continue Wednesday at a so-called Strategic Dialogue in Washington. The meeting is to cover issues from the fight against Islamist militants to bolstering Pakistan's struggling economy.Among officials slated to attend are Secretary of State Hillary Clinton and Gen. Ashfaq Kayani, the head of Pakistan's army.

"Pakistan and the United States have been partners and allies without always having a complete understanding of each other's strategic and security priorities," said Pakistan's ambassador in Washington, Husain Haqqani, in a telephone interview. "This time we want to build an understanding that can serve as a foundation for the day-to-day relationship."

It remains unclear what has fueled Pakistan's recent apparent shift on the Taliban. Some Western officials believe recent coalition gains in Afghanistan have prompted the Pakistanis to hedge in a new direction. Afghan officials and other Western officials say the Pakistanis may be trying to take control of nascent Taliban peace efforts by detaining the most pragmatic insurgent leaders.

The senior U.S. military official involved in recent talks with Pakistani officials , including Gen. Kayani,said the new seriousness in Pakistan's approach seems to be part of a realization that the U.S. has a limited time frame for directly assisting Islamabad. The official said Gen. Kayani in recent talks has focused on getting U.S. assistance to efforts the Afghan and Pakistani governments can sustain as U.S. forces and investment in Afghanistan wane.

Some of Pakistan's requests are likely non-starters. India has steadfastly refused any outside mediation in its decades-long dispute with Pakistan. And U.S. officials say a civilian nuclear deal would be a tough sell given Pakistan's history of nuclear weapons proliferation.

To assuage the Pakistanis, the U.S. State Department has suggested setting up a bilateral working group to discuss the issue, in essence pushing a decision into the distant future. But U.S. officials, especially in those in the Pentagon, are eager to encourage Pakistan's re-engagement after nearly two years of growing tension between the allies,and say many of the other requests may be doable.

The U.S. may, for example, be willing to give Pakistan drone aircraft, although not the high-end, armed Predator and Reaper drones used by the Central Intelligence Agency to kill hundreds of militants in Pakistan's tribal areas.

—Tom Wright and Zahid Hussain in Islamabad and Jay Solomon in Washington contributed to this article.

Reuters

European Pressphoto Agency

Above, Pakistani Special Police Force cadets during a parade Saturday in Swat, one area where Pakistan has toughened its campaign against the Taliban. Below, police in Karachi recently arrested Ismail Mehsud, one of several Pakistan Taliban who were detained. Some U.S. officials see Pakistan's request for more aid as an implicit offer to suppress Afghan Taliban who are based in the country.

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WORLD NEWS

Germany open to Greek compromise

Berlin seeks deal to bolster euro-zone fiscal pact with new measures, and sanctions, to prevent excessive deficits

By Marcus Walker

BERLIN—Germany is open to a potential compromise on euro-zone financial support for Greece in exchange for an agreement to beef up Europe's pact on fiscal discipline, according to a person familiar with the matter.

Berlin is prepared to back a rescue mechanism for Greece provided it be used only as a last resort and involve the International Monetary Fund, the person said.

A deal is far from certain ahead of the European Union's summit in Brussels this week. Germany and other countries remain at odds over the conditions under which the plan could go into effect, the person said. At this point, Germany is merely willing to compromise on the mechanism for aid and isn't ready to give a green light for a rescue.

German Chancellor Angela Merkel is insisting that euro-zone countries give Greece financial support only as a last-ditch measure to prevent a Greek default. That means Greece must first have exhausted all ways of raising the funds it needs from capital markets, say people familiar with her thinking.

Other euro-zone governments want to help Greece out sooner, arguing it deserves financial help in return for the stringent austerity measures it has taken.

Germany is seeking an agreement that the euro zone's fiscal stability pact needs bolstering with new measures to prevent countries from running excessive deficits and with new sanctions against rule-breakers. That demand, a recognition that the bloc's existing penalties haven't worked, could involve amending EU treaties.

Reuters

A firefighter raises a flare in front of police during an antigovernment rally outside the parliament in Athens Tuesday as firefighters protested austerity measures.

France and the European Commission have already signaled this week that they might give in to another German precondition for firming up the Greek rescue plan: That any financing for Greece should come from the IMF as well as from euro-zone governments.

Most euro-zone leaders have opposed IMF loans so far. But French Foreign Minister Bernard Kouchner said on Monday that a solution involving the IMF is "on the table" and might be agreed to before the EU summit.

German officials are adamant that this week's summit won't reach a decision on actual aid for Greece. At most, Ms. Merkel is willing to discuss the mechanism for any future aid, provided her conditions are met, said a person familiar with her thinking.

Greek Prime Minister George Papandreou has repeatedly said that his government doesn't need money from the euro zone at present. But he has called on European governments to declare that Greece has a fallback option of borrowing from them, in order to reassure bond markets that Greece won't default and bring down the country's borrowing costs.

Ms. Merkel acknowledged on German public radio on Sunday that "Greece would like to have a certain clarity for an eventuality it can't completely rule out," even as she stressed that Greece hasn't asked for money. She repeated that Greece should solve its own budget crisis by enacting its promised austerity measures.

Negotiators are now working on a form of words about the rescue mechanism that would give Greece the assurances it is looking for while meeting Germany's condition that the mechanism would be used only in the last instance, and preferably not at all.

India infrastructure to get spending boost

By Abhrajit Gangopadhyay And Prasanta Sahu

NEW DELHI—India needs to double spending to $1 trillion over a five-year period beginning April 1, 2012, to mend its creaking infrastructure, which is crucial to lifting annual economic growth into double digits, India's prime minister said Tuesday.

Prime Minister Manmohan Singh, at an infrastructure conference organized by a government think tank, said, "I urge the finance ministry and planning commission to draw up a plan of action for achieving this level of investment."

Asia's third-largest economy, beset with power shortages, crumbling roads and choked ports, forecast it needed infrastructure investments of $514 billion in its 11th five-year plan to March 31, 2012.

But the global financial crisis that erupted in 2008 has strangled foreign-fund inflows, squeezing the supply of capital to fix the country's infrastructure. This, in turn, has made it clear that India will miss its targeted-spending goal through the current five-year plan.

Policy makers say infrastructure investments will still flow in from abroad as the country has been able to withstand the global recession better than most other economies and is a front-runner in the recovery.

"Despite the adverse circumstances, our economy grew by 6.7% in 2008-09, and it has accelerated to 7.2% in 2009-10. These rates are well above those seen in the developed world and reflect the underlying strengths of the economy. We expect to achieve 8.5% growth in 2010-11 and 9% in 2011-12," Mr. Singh said.

Analysts estimate that India's potholed roads and clogged airports knock two percentage points off growth.

India is counting on the private-sector spending heavily in infrastructure development as banks and other state-run lenders are stretched, Finance Minister Pranab Mukherjee said.

"We have still not completely succeeded in exploiting the full potential of insurance and pension funds for deployment in the infrastructure projects," Mr. Mukherjee said at the conference.

Private companies will now be allowed to float infrastructure bonds that will fetch them tax breaks to help spur capital flows into infrastructure projects, Mr. Mukherjee added.

"The availability of equity, both domestic and foreign direct investment, continue to remain an area of concern," Mr. Mukherjee said.

Singapore leans toward slight tightening in April

SINGAPORE—The Monetary Authority of Singapore is leaning toward tightening policy a bit in April to curb inflation but hasn't decided yet, a person familiar with the central bank's thinking said Tuesday.

"There is still no final decision by the MAS on its policy stance next month, but at this point there is a slight tightening bias," he said.

This was especially the case, the person said, after the Reserve Bank of India surprised markets Friday by raising interest rates between scheduled policy meetings.

The MAS is leaning toward tightening because with Singapore's recovery from the global downturn "firmly in place, inflation fears are emerging," the person said. But he added that "some voices" are urging caution, given uncertainties about the durability of the global recovery, so the possibility of no action "cannot be written off."

An MAS representative, asked about the prospects of a tightening, said the central bank "does not comment on market rumors."

Economists are broadly split on the outcome of the meeting, expected around April 12, with some looking for a tightening to fend off inflationary pressures but others arguing the MAS may stay on hold to further gauge the global outlook.

Last month, MAS Deputy Managing Director Ong Chong Tee said the city-state's prices had been "broadly consistent" since the October meeting, when the central bank held steady. He said the MAS "will look at few more data points when we review policy in April."

Since then, export-dependent Asian-Pacific economies have gathered steam. Besides India, central banks in Australia and Malaysia have raised interest rates while others, such as those in China and the Philippines, are moving in that direction.

The government forecasts the Singapore economy will grow 4.5%-6.5% this year, bouncing back from last year's 2% contraction. It tips full-year inflation at 2%-3%.

The person familiar with the central bank's thinking was speaking before the government said February consumer prices rose 1% from a year earlier , accelerating from January's 0.2% rise. Economists in a Dow Jones survey had forecast a 0.9% February rise.

The report "takes on more importance than normal" given the looming MAS meeting, said HSBC economist Robert Prior-Wandesforde.

"Although unlikely to cause sleepless nights amongst central bank officials, it does suggest inflationary pressures are creeping back again in Singapore," he wrote in a note to investors, adding that a return to a policy of "modest and gradual" currency appreciation seems appropriate and the most likely outcome of the April meeting.

WORLD NEWS

Mortgage market is divisive issue

U.S. lawmakers, Geithner debate Fannie, Freddie role; hearing follows Senate panel's move on financial rules

By Michael R. Crittenden And Damian Paletta

WASHINGTON—U.S. lawmakers and Treasury Secretary Timothy Geithner agreed Tuesday that policy makers should overhaul the housing-finance market and the role of mortgage giants **Fannie Mae** and **Freddie Mac**.

But how best to do that remains a highly contentious issue, eliciting strong opinions from House lawmakers during a hearing with Mr. Geithner on Capitol Hill. The hearing came a day after the Senate Banking Committee advanced legislation to rewrite financial rules without Republican support.

"It's unacceptable...that the Treasury Department does not have a plan for Fannie and Freddie," Rep. Spencer Bachus (R., Ala.) said Tuesday.

Rep. Gary Miller (R., Calif.) likewise said the current scenario, with Fannie Mae and Freddie Mac under government control, is "not acceptable" but said he hadn't heard any good suggestions about how to address the situation.

Rep. Barney Frank (D., Mass.), who chairs the House Financial Services Committee, said policy makers need to accomplish two goals: wind down Fannie Mae and Freddie Mac, and rethink a housing-finance system that was created "without any overall vision." Doing one without the other could hurt a key part of the economy, he said.

"All agree that simply abolishing Fannie and Freddie will not be enough for this committee's role," Mr. Frank said.

The difficulty surrounding how to deal with Fannie Mae and Freddie Mac, which have been under government control since September 2008, is one of the reasons the Treasury has missed self-imposed deadlines for releasing a proposal. The administration left the two government-sponsored enterprises out of their broader effort to overhaul regulation of financial markets in part because of the political difficulties surrounding the two firms.

While eliminating the two firms today is impossible, Mr. Geithner said it should take months, not years, to contemplate and draft legislation that could receive broad support on Capitol Hill.

Mr. Geithner said dealing with Fannie Mae and Freddie Mac, which have received roughly $127 billion in government aid to stay afloat, is a critical part of overhauling markets in the wake of the financial crisis.

Also contentious is a financial-overhaul plan designed to shore up Wall Street and create new consumer protections. On Monday, the Senate Banking Committee advanced a broad overhaul measure on a 13-10 committee vote with no Republican support.

The move came as Republicans and business groups rethink their strategy about how to shape or derail the financial bill. Some Republicans have faulted the White House for pressuring congressional Democrats to push forward without a bipartisan deal.

"Have things been about as dysfunctional as they could be as far as things coming out of committee?" asked Sen. Bob Corker (R., Tenn.). "Yes, and certainly there's plenty of fault to go around."

Mr. Geithner, in some of his most forceful comments to date, warned on Monday to "be careful whose voice you listen to" in the debate over new financial rules. His comments, in a speech at the conservative American Enterprise Institute, appear squarely aimed at Wall Street executives and other business leaders who have warned about the unintended consequences of the bill.

Democrats and White House officials, emboldened by the belief they have public support for efforts to rewrite financial rules, have intensified their push in recent weeks. They have stepped up their warnings about the consequences of inaction, with Mr. Geithner saying Monday that "risk will build up again ... and future governments will have to act again to socialize private losses in the interest of preventing catastrophic damage."

The growing pressure from the administration comes as Republicans shift their approach. On Friday afternoon, Republicans filed more than 200 amendments to the bill written by Senate Banking Committee Chairman Christopher Dodd (D., Conn.) to overhaul financial regulations. On Monday, in a surprise move, they withdrew all the amendments, essentially letting the bill advance with just Democratic support.

The move came as part of an agreement between Mr. Dodd and Alabama Republican Sen. Richard Shelby to continue working on a bipartisan deal.

Bloomberg News

Timothy Geithner on Monday lobbied for support to rewrite financial rules.

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DEADLINE EXTENDED APRIL 9

Bloomberg News

Nintendo has sold more than 125 million DS portable gaming devices since introducing the product in 2004. The move to make a new 3-D device comes as sales of the current DS are beginning to slow.

Nintendo plans 3-D hand-held

Portable gaming device won't require special glasses as company pursues a successor to the popular DS

By Daisuke Wakabayashi

TOKYO—Aiming to rejuvenate sales of its hand-held game machines, **Nintendo** Co. plans to sell a new portable 3-D gaming device that won't require special glasses.

The new device will succeed the DS, the best-selling portable videogame system ever, with more than 125 million units sold since its launch in late 2004.

Smart phones such as **Apple** Inc.'s iPhone have started to emerge as a threat to portable gaming devices like the DS, especially among casual videogame fans who are satisfied with easy-to-play games.

Nintendo said the new device, which is temporarily being called the Nintendo 3DS, is scheduled to launch during the coming fiscal year, ending March 31, 2011. The new system will also play current Nintendo DS games.

In a brief and unexpected statement, Nintendo released no additional information about the coming device's price or functionality. The company said it would provide more details in June at the videogame industry's annual E3 convention held in Los Angeles.

From televisions to digital cameras, electronics companies are targeting 3-D technology as a way to revamp existing products. **Sony** Corp. plans to upgrade its PlayStation 3 console to play 3-D games with a free software upgrade, but consumers will have to buy a new television and glasses to play 3-D games at home.

Nintendo President Satoru Iwata told analysts in January that 3-D is suitable for gaming and that the company had interest in it but expressed doubts about whether everyone would want to wear glasses to play games in 3-D. The requirement of glasses to view 3-D images is often cited as a hurdle to the technology's widespread adoption.

"Nintendo has a track record of incorporating new technologies to make its products pretty interesting," said Jay Defibaugh, director of equity research at broker MF Global FXA Securities.

At the same analyst meeting, Mr. Iwata said Nintendo had been working on 3-D technology for years, experimenting with a feature for the GameCube, the predecessor to the Nintendo Wii, to display graphics separately for the right and left eye for the possibility of 3-D gaming. It was never introduced as a feature in the GameCube.

Among all the potential applications of 3-D technology, videogames are placed at the top of the list because the graphics are already created in 3-D. What's more, videogame fans are considered more likely to spend for a new technology like 3-D.

Almost all 3-D technology available now requires either battery-operated or color-filtered glasses. Most glasses-free 3-D technologies are prototypes that require the viewer to stand in one location and keep their head still.

While Nintendo's past track record with home game machines has been hit or miss, the company has always maintained a dominant position in hand-held gaming. Ever since it broke into the category with its original Game Boy portable game system in 1989, Nintendo has remained on top by appealing to its youth audience with game franchises such as Pokemon.

When the DS was released, it was considered a step forward for portable gaming because it came with two liquid-crystal-display screens, one of which was touch-sensitive.

It hit the market at the same time as Sony's PlayStation Portable, a rival hand-held game machine, but Nintendo has sold twice as many DS units as Sony has sold PSP hand-helds. The PSP has sold about 60 million units.

The new 3DS comes at a time when existing DS sales are starting to slow. Nintendo DS sales are expected to decline slightly this fiscal year from peak demand in the fiscal year ended March 31, 2009. The company is forecasting sales of 30 million units in the fiscal year ending March 31, down from last year's 31.2 million units.

Even though more consumers are turning to the iPhone for casual games, Mr. Iwata has asserted that the iPhone isn't a direct competitor to the DS, because they appeal to different customers. However, Apple has openly targeted the DS and PSP by saying those portable game devices don't stack up to the iPod Touch or iPhone.

While Nintendo, of Kyoto, Japan, has maintained the same basic features of the DS, it has tried to refresh the DS lineup with new models. It launched the Nintendo DSi, which comes with a built-in camera, in November 2008. A year later, it added the Nintendo DSi XL, a larger model that is targeted at older users.

Software sales for the DS are expected to decline 24% in the year ending March 31. Nintendo has suffered as piracy of DS games continues to eat into demand. Over the lifetime of the DS, the company has still managed to sell 688.3 million software units.

—Juro Osawa contributed to this article

Bloomberg News

President Satoru Iwata in January said Nintendo had been experimenting with 3-D for years.

TECHNOLOGY

Automation powers British e-grocer

Ocado develops centralized operation that dispatches products to 65% of U.K. postal codes from a single location

By Paul Sonne

HATFIELD, England—In a sprawling warehouse north of London, Web grocer **Ocado** Ltd. is making an expensive effort to bring high-tech methods to Internet operations that are often low-tech elsewhere.

Most online grocers fulfill Web orders by gathering goods from the shelf of a local supermarket and then loading them in a truck for delivery. But Ocado has developed a highly automated, centralized operation that dispatches products to 65% of British postal codes from a single warehouse.

The operation is spread across 9.2 hectares of floor space on an old airfield. Ocado has built a complex, automated system that gathers items using its own algorithm-driven system. Baskets travel along a 16-kilometer maze of conveyor belts, stopping at bagging stations where workers follow a computer's directions, loading products and shipping off 90,000 orders a week with close to 99.9% accuracy.

Ocado labors in the long shadow left by companies such as Webvan, a San Francisco-based online grocery start-up that was founded in the late 1990s and extended its footprint rapidly using venture capital, but went bust in 2001.

Around that time, three former Goldman Sachs & Co. bankers started Ocado in a one-room office near London's Victoria Station.

Now, after 10 years of steady growth, the company is considering what could be one of the biggest initial public offerings on the London Stock Exchange—estimated at up to £1.1 billion ($1.66 billion)—in the next two years.

Ocado has attracted £350 million in investment over the years, and it has high-profile backers, including consumer-goods giant **Procter & Gamble** Co., former U.S. Vice President Al Gore's Generation Investment Management LLP, and Tetra Pak billionaire Jorn Rausing.

But the grocer faces some skepticism from analysts. They note that it still operates at a loss and relies heavily on a single retailing agreement with the upscale British supermarket Waitrose, whose parent company, **John Lewis Partnership**, holds 28% of Ocado as part of a pension fund.

Nonetheless, in unaudited figures released Monday, Ocado showed growing sales, diminishing operating losses and a jump in earnings before interest, tax, depreciation and amortization, or Ebitda.

> The Hatfield warehouse is the brainchild of CEO Tim Steiner, who believed that superior technology would help Ocado 'cost dominate.'

Ocado had gross sales of £427.3 million for the 52 weeks ended Nov. 29, 2009, a 25% jump from the previous year. Though the online grocer operated at a loss of £14.4 million for the fiscal year, it posted £9.2 million in Ebitda, up from £2.2 million in 2008. The company's operating loss narrowed 33% from the previous year.

On Monday, Ocado Chief Financial Officer Andrew Bracey attributed the improved performance to operational efficiency. "We have better availability, we have a longer range, we have fresher produce, and we're able to deliver in a one-hour window," he said.

Key to that is the high-tech system Ocado built in Hatfield to fulfill orders in the U.K, one of the fastest growing online grocery markets in the world thanks to the country's bad weather, limited parking and widespread high-speed Internet access, among other factors.

At Ocado's warehouse, orders flow in online, many via a popular iPhone application, and a computer system determines the fastest route each basket should travel through the distribution maze based on what groceries need to be packed.

The traffic-flow calibrations are the most complicated part of Ocado's operation: All the routes are different, with colored totes passing one another at conveyer-belt intersections. The travel itinerary for each basket must ensure that small orders get out quickly and fragile items such as bread and eggs go in last.

Touch-screen computers that operate in English or Polish tell the workers, known as pickers, which product belongs where, and the system is constructed so the workers don't have to walk or reach too far.

The Hatfield warehouse is the brainchild of Chief Executive Tim Steiner, who believed that superior technology would help Ocado "cost dominate" in a sector known for low margins.

Initially, the company tried bringing in outside logistics companies, but Mr. Steiner decided to build the system in-house, enabling Ocado to replicate the operation elsewhere.

Now, Ocado's warehouse operates at only half of capacity and it could handle millions more in sales without a serious capital infusion, Mr. Bracey says.

One current U.S. operation that approaches Ocado's is **FreshDirect** LLC. It sends out about 50,000 orders a week in the New York area from a central warehouse in Long Island City, but its operations aren't nearly as technologically advanced as Ocado's.

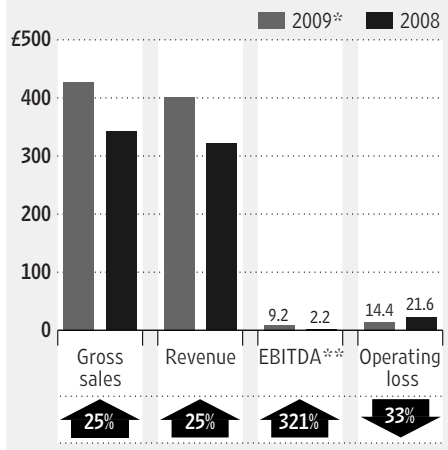
FreshDirect became profitable this year, but its CEO, Rick Braddock, says the company won't consider an IPO until it has carried out a planned expansion.

Bloomberg News (2)

An Ocado truck. above. leaves the company distribution center. Ocado is considering making an initial public offering. Below, a worker arranges boxes for delivery at the sprawling distribution center of the British Web grocer.

Ocado results

Sales jump for the British online grocer.
Financial results, in millions



* Unaudited results for the 52 weeks ended Nov. 29, 2009
** Earnings before interest, tax, depreciation and amortization
Source: the company

Bazaar: Beijing

What they're buying at Asia's gadget emporiums

The place Sundian electronics store, Raffles City mall, Dongzhimen

The goods Dopod A6288 smartphone, called the HTC Hero 100 in other markets

The specs Instantly recognizable by its distinctive bent shape, this Taiwanese-made smartphone is giving the major Western brands a run for their money in China. Powered by the Google Android operating system and a 528 MHz Qualcomm processor, it boasts a 3.2-inch touchscreen and a five-megapixel camera. For connectivity, it runs on China Unicom's WCDMA 3G network, plus WiFi, Bluetooth and GPS.

HTC via talkandroid.com

The price 4,690 yuan ($687), not including service contract

The deal Sundian isn't the kind of outlet where you can bargain for a better price, and no discount is available by buying the phone with a service contract. But several merchants offer the phone on Taobao.com, China's top e-commerce site, for around 3,900 yuan.
–Aaron Back

THE PROPERTY REPORT

Wharf profit leaps amid rental gains

By Joyce Li

HONG KONG—**Wharf (Holdings)** Ltd.'s underlying profit jumped 86% last year, boosted by rental growth at investment properties, China property sales and an asset-disposal gain, though earnings from the group's logistics business fell.

Wharf, listed in Hong Kong, said its underlying profit increased to 7.81 billion Hong Kong dollars (US$1.01 billion) in 2009 from HK$4.19 billion in 2008. The conglomerate also said it aims to double its property sales in China this year, as it expects the mainland real-estate market to remain strong.

Including gains from investment-property revaluations, Wharf's net profit nearly tripled to HK$17.5 billion from HK$6.25 billion. Revenue rose 10% to HK$17.55 billion.

Analysts generally use underlying profit rather than net profit to gauge the performance of Hong Kong property companies because their earnings tend to be distorted by regular revaluations of investment properties.

As well as property investment and development, Wharf's businesses include pay-television company **i-Cable Communications** Ltd., fixed-line telecommunications provider Wharf T&T Ltd. and ports operator Modern Terminals Ltd.

Benefiting from China's property boom last year, Wharf posted an operating profit from property development of HK$1.01 billion, up from HK$84 million in 2008.

The company said it sold more than HK$5 billion of property in China last year.

Wharf's shopping malls and commercial properties posted rising rental income as China's and Hong Kong's economies improved. Operating profit from its investment properties rose 12% to HK$6.19 billion.

The company's 2009 result was also boosted by a net profit of HK$1.39 billion from the sale of Beijing Capital Times Square, a retail and office complex.

The logistics division—which includes Modern Terminals—posted a 19% drop in operating profit to HK$1.42 billion from HK$1.76 billion, because of continuing weakness in global trade

Rookies take wheel in real estate

Continued from first page

tap deep wells of liquidity than solid market fundamentals.

For instance, office values have held steady in cities like Beijing and Shanghai despite vacancy rates of about 20% and a drop-off in rents by as much as 40%.

In February, official numbers show that residential-property prices in 70 major Chinese cities rose 10.7% from the same period a year earlier, the fastest pace in years.

In Hong Kong, property prices are back to where they were during the city's biggest bubble, a speculator-driven run-up that burst with dire consequences during the 1997-1998 financial crisis. In recent months, a series of record-breaking transactions in Hong Kong's luxury residential market has forced nervous officials to clamp down on mortgage lending.

A provincial-level subsidiary of China's state-owned tobacco monopoly company is building one of the highest-profile skyscrapers in the southern Chinese city of Guangzhou, while the Chinese branch of Ajisen Ramen—a popular noodle chain whose logo features a winking girl holding up a steaming-hot bowl—is now a Shanghai landlord, having paid US$19.6 million for 2,601 square meters of office space in a top-grade downtown skyscraper. Ajisen called the purchase "a good investment opportunity for the group to broaden its asset base."

Citibank analyst Oscar Choi has tallied up entries to the property market from almost every sector imaginable: oil, textiles, manufacturing, commodities, and even a state weapons manufacturer. China's biggest insurers have also been major players in the industry.

In January, **China Life Insurance** Co. became the largest stakeholder in Hong Kong-listed Beijing developer **Sino-Ocean Land Holdings** Ltd., with a 24% stake.

Some experts have pointed to Japan's 1980s real-estate bubble as a precedent, when bakery owners and other relatively unsophisticated investors were jumping into the market with splashy purchases that backfired when prices collapsed. In that case, property prices rose with little regard for fundamental metrics, such as rental yields, with purchases justified purely on the basis of the expectation of capital appreciation.

The situation may be even more extreme in China now, because Beijing's tight capital control regime keeps excess cash bottled up domestically, limiting investment to either stocks or property.

Fan Wei, chairman and executive director of Hong Kong-listed **Shanghai Forte Land** Co., vented his frustration at the number of interlopers in the real-estate market at a news conference last week, calling on the Beijing government to restrict competition from corporate dilettantes.

Chad Ingraham for The Wall Street Journal

A unit of the Ajisen noodle chain bought a floor in Shanghai's Shui On Plaza.

"These days, you see all these companies that produce clothing or make computers flooding into the property market, thinking they can do it just as well," Mr. Fan huffed, saying inexperienced players added to market instability.

In recent weeks, central leaders have talked tough on reining in soaring property prices and have punished developers who buy up land only to sit on it, apparently waiting for market conditions to improve before developing and marketing the land.

Officials blame land hoarding for depressing supply when prices are low, creating upward pressure on prices.

Last Thursday, Beijing's State Assets Supervision and Administration Commission ordered all state-owned enterprises with no core business in the real-estate sector—some 78 by its count—to get out of the property market. On Monday, SASAC, as the body is known, gave the companies 15 working days to present their plans.

State-owned enterprises, lured by the promise of fat returns and easy access to bank financing, were the most active players in China's land-auction market last year, accounting for 60% of land purchases by dollar amount, according to Citibank. That helped land prices double in 2009, according to Standard Chartered Bank.

Potentially lucrative profit is a key motivator, too. Top residential-property developers can generate average net profit margins far in excess of 20%, and the business is seen as a relatively simple one to enter as a developer or investor. But public anger has risen over the use of state money to push property prices beyond the reach of ordinary citizens.

State-owned enterprises have been known to flout central government directives in the past. Enforcement of such measures outside China's largest cities is spotty at best, and state-owned enterprises are only one part of a broader trend that includes companies without state backing, and even wealthy individuals.

He Yuxin, a research analyst at Dragonomics Research & Advisory, said that Beijing's latest move is "unlikely to succeed," since SASAC "has little real power" over the state companies it supposedly controls.

Still, the effort has generally won praise. "Goodbye to land kings," Bank of America-Merrill Lynch analyst Christie Ju wrote in a note to clients, referring to companies that pay record prices for plots of land. Ms. Ju said she expected land prices to fall with fewer of these players in the market.

DTZ hires ex-Citi investment chief

By Jonathan Cheng

HONG KONG—David Schaefer, a real-estate veteran who most recently led Citigroup Inc.'s property-investment arm, will lead a new Asian-Pacific investment-management arm for **DTZ**.

Mr. Schaefer, who left his role as managing director of Citi Property Investors last April, will also be DTZ's global head of institutional capital, in charge of attracting clients, including institutional investors and sovereign-wealth funds. DTZ, which operates an investment-management business out of its London headquarters, has one of the biggest network of brokerages in mainland China.

Mr. Schaefer, who has worked in the Asian property sector for more than 30 years, will be based in Hong Kong.

He said in an interview that he would focus on greater China and South Korea in the short term, adding he would look into the possibility of a Chinese yuan-denominated fund "down the road."

In 2005, Mr. Schaefer helped launch Citigroup's real-estate fund-management business in the Asian-Pacific region and raised a $1.29 billion fund in 2007, executing more than 30 deals.

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Google and China's Search for Freedom

Restrictions on Internet freedom in China have forced all foreign media companies that operate there to make and accept compromises. But then it should come as no surprise that an authoritarian government does not make it easy to promote the free flow of information. Hard choices must be made on how to balance core values, shareholder profits and the best interests of Chinese consumers.

So it's all the more impressive that Google has displayed sound instincts and judgment at every step of the way in China. And it's all the more alarming that in the end Google decided it had no choice but to abandon its Chinese-language search services hosted on mainland servers.

Google entered the China market in earnest in 2006, making a reasonable judgment that its high-quality Chinese language search would on balance bring greater access to information, even though it would have to comply with government censorship rules. However, Beijing has tightened its control over all media in the last few years, and the environment for Internet companies deteriorated noticeably around the 2008 Olympics. The final straw was the hacking attacks on Google aimed at the email accounts of Chinese human-rights and political activists.

> Beijing's increasingly inflexible approach to censorship shows weakness.

Google decided Monday to move its Chinese service to Hong Kong, where the Chinese pledge to honor "one country, two systems" still prevails. Google says the decision violates no Chinese laws. Yet the government's initial response to Google's move was predictable. "We're uncompromisingly opposed to the politicization of commercial issues, and express our discontent and indignation to Google for its unreasonable accusations and conducts," a spokesman said.

Google would like to continue running its other businesses (mainly ad sales and R&D) in China, and the open question is whether China's harsh rhetoric will be followed by reprisals. Closing down Google China and blocking access to all its overseas sites would impose high costs on the country's own technocratic elite and would accentuate China's loss of face. More calibrated punishments—from fire-safety inspections to tax audits—seem likely, however.

This goes to the heart of the contest between censors and the media. Beijing has been remarkably successful at controlling the discussion on the Internet within its borders because it has tended to use the scalpel more often than the sledgehammer. Its extensive system of defense in depth, which some have dubbed "Control 2.0," may be breaking down, however, or at least running up against the law of diminishing returns. The number of incidents in which criticism of the government goes viral and ends up forcing officials to back down in the face of public pressure is growing. This may be why the once adaptable censorship regime seems increasingly brittle.

Harsher control only feeds public dissatisfaction. We're seeing this in the reaction to the Google conflict, with normally nationalistic netizens expressing support for the company and even delivering flowers to its Beijing headquarters. Google has made censorship of search results, largely invisible until now, a topic of debate.

Incrementally advancing freedom is the best that media companies can hope to do in China. Staying out of the country entirely or plunging in with no bottom line have their own risks and opportunity costs. It's much harder to try to do business there while also preserving your values. But that is where valuable contributions can be made.

Fearsome Ladies

Thirty women walking with gladiolas don't usually strike a frightening pose—unless you're the government in Cuba. Last Wednesday, the Castro government broke up such a peaceful march in Havana, lest the courage of the "ladies in white" become contagious.

This month marks the seventh anniversary of the "Black Spring," when Cuban state security rounded up scores of journalists, political dissidents, writers, poets and independent librarians that the regime decided were a threat to the revolution. Seventy-five of them received harsh prison sentences in summary trials.

Many of the wives, sisters and mothers of the prisoners have petitioned the government for improved prison conditions and their release. Dressed in white, they have highlighted their calls by walking each Sunday after Catholic Mass through the streets of Havana. In 2005, they were awarded the European parliament's Sakharov Prize for Freedom of Thought. The government has alternately ignored or harassed them, but the ladies march on.

Wednesday's procession—one of seven days of protest to mark the anniversary of the mass arrests—included the mother of Orlando Zapata Tamayo, the 42-year-old human-rights activist who died in a Cuban prison last month. Reina Tamayo is becoming something of a national icon, and she described her Wednesday experience this way to the Cuban Democratic Directorate in Miami:

"They dragged me, I am all bruised. They beat me. They called me a [racial slur; she is black]. They will know this mother's pain. When I get to my home town of Banes in my home province of Holguin they will have to bury me with my son. But my people will remember me. They will remember me. . . . The Castro brothers cannot be forgiven. They cannot be forgiven." No wonder Fidel is afraid.

Republicans and ObamaCare

In Washington, political defeats always produce finger-pointing, so the conventional wisdom has suddenly turned on a dime and decided that Republicans were wrong to have opposed ObamaCare. White House Press Secretary Robert Gibbs was especially taken on Monday with blogger and Bush speechwriter David Frum's argument that if only Republicans had negotiated with Democrats, they could have somehow made the bill less awful than it is.

> Democrats insisted on the most liberal bill they could pass.

Mr. Frum now makes his living as the media's go-to basher of fellow Republicans, which is a stock Beltway role. But he's peddling bad revisionist history that would have been even worse politics. The truth is that Democrats never had any intention of working with Republicans, except to pick off two or three Senators and call it "bipartisanship." This worked for Democrats on the stimulus, and they had hoped to do it again on health care.

In the House, Republicans were frozen out from the start. Three Chairmen—Charlie Rangel, Henry Waxman and George Miller—holed up last spring to write the most liberal bill they could get through the House. Republicans were told that unless they embraced the "public option," there was nothing to discuss.

As for the White House, House GOP leaders John Boehner and Eric Cantor in May sent a letter to President Obama "respectfully" requesting a meeting to discuss ideas. The White House didn't respond. Mr. Obama's first deadline for House passage was July, and only after public opinion turned against the bill did he begin to engage Republican ideas. Yet in his September address to Congress attempting to revive his bill, he made no concession save pilot projects for tort reform.

In the Senate, a group of Republicans did negotiate with Finance Chairman Max Baucus for months, even as Senators Chris Dodd and Ted Kennedy were crafting a bill that mirrored the liberal House product. GOP Senators Chuck Grassley, Olympia Snowe and Orrin Hatch are hardly strangers to working with Democrats. In 2007, they helped Mr. Baucus expand the children's insurance program over President George W. Bush's opposition.

Senate liberals kept tugging Mr. Baucus to the left, however, and eventually the White House ordered him to call off negotiations. Senator Snowe still voted for the Finance Committee bill, though even she fell away on the floor as Majority Leader Harry Reid insisted on pushing the public option and tried, as Ms. Snowe put it, to "ram it" and "jam it" through the Senate.

In the end, Republicans couldn't as a matter of principle support even 50% of a bill that was such a huge and reckless expansion of government. If they had, they would have rightly lost the support of their own most loyal supporters. In the end, too, the bill was so unpopular—59% opposed in a Sunday CNN survey—that 34 House Democrats voted no and Mr. Reid is resorting to reconciliation to get the "fixes" of more taxes and spending through the Senate.

The reality is that ObamaCare is the price of two GOP electoral defeats caused by the failure of the DeLay Congress and a dismal Bush second term. The 2003 Medicare prescription drug benefit compromised the GOP on spending and legislative bullying. Republicans had a chance to do better on health care in 2005 but put their chips on Social Security and failed. Mitt Romney also gave Democrats renewed political confidence when he signed a prototype of ObamaCare into law in Massachusetts, though he now claims that these fraternal policy twins aren't related.

A new President nearly always gets what he wants on his top legislative priority, especially when he has such big majorities in Congress to work with. Republicans nonetheless managed to keep their Members together, turn public opinion against the bill despite nearly unanimous media support for it, and in the end came a few votes short. They would have won if Mr. Obama and Nancy Pelosi hadn't been so willing to put so many of their Members at risk by pushing a partisan program and flouting normal Congressional rules.

The GOP's goal now should first be to remove some of the uglier parts of the bill in Senate reconciliation. Then they need to focus on taking back as many seats as possible this fall. Rather than publicly crowing that ObamaCare will deliver them the House—a hard task and a risky expectations game—they'd do better to concentrate on continuing to educate the public about what ObamaCare is going to do to insurance premiums, federal deficits, taxes and the quality of medical care.

Many Republicans are already calling for "repeal" of ObamaCare, and that's fine with us, though they should also be honest with voters about the prospects. The GOP can't repeal anything as long as Mr. Obama is President, even if they take back Congress in November. That will take two large electoral victories in a row. What they can do now is take credit for fighting on principle, hold Democrats accountable for their votes, and pledge if elected in November to stop cold Mr. Obama's march to ever-larger government.

Letters To The Editor

* * *

The Makings of a Deal On the Yuan-Dollar Dispute

Allow me to elaborate on your editorial "The Yuan Scapegoat" (Review & Outlook, March 19): It is not possible for China to remove capital controls and expect a large outflow of private capital to offset its trade surplus (making a further buildup of official exchange reserves unnecessary) unless the yuan-dollar rate is expected to remain stable into the indefinite future. Otherwise, private Chinese investors would be loathe to acquire dollar assets if there was a good chance that they would depreciate in terms of renminbi (yuan).

Nor is it possible for the Chinese government to simply float the exchange rate after capital controls are removed. The reason is that China's very large trade (net saving) surplus of about $300 billion per year is too large and risky for China's private sector to finance even if the yuan-dollar rate just fluctuates randomly. Only if foreigners became willing to borrow in RMB (renminbi) from Chinese banks, or to sell RMB denominated bonds in Shanghai, would the currency risk seen by Chinese financial firms abate sufficiently for the private sector to willingly finance China's huge trade surplus.

Indeed, German private financial institutions lend more than enough to cover Germany's almost-as-large-as-China's trade surplus. Because all such lending is denominated in euros (an internationally accepted currency), German banks see no currency risk. Accordingly, the euro can easily float in international markets even though exchange rate fluctuations are substantial. Whereas China with its huge currency mismatch—i.e., its claims on foreigners are mainly in dollars while the liabilities of domestic financial institutions are in RMB—can't float. If floating was tried with no willing private buyers of the huge dollar inflows, the RMB would spiral upward indefinitely.

Until the RMB becomes an internationally accepted currency like the euro, the best interim solution is to fix to the dollar—and then loosen capital controls on both inflows and outflows. But a credible fix, say, at 6.5 yuan to the dollar, requires that the U.S. stop bashing China to appreciate. It also requires that the Federal Reserve abandon its zero interest policy—which is causing monetary havoc in many parts of the world, including contributing to China's property bubble, while gumming up interbank markets in the United States itself.

So we have the makings of a deal. China agrees to a one-off modest appreciation of the RMB while continuing to reduce its net saving surplus (trade) by increasing consumption. The U.S. agrees to the People's Bank of China stabilizing the yuan-dollar rate indefinitely while working on reducing America's huge net saving (trade) deficit. Both sides agree to stop the (incipient) trade war of imposing, or threatening to impose, tariffs or other restrictions on each others goods. The rest of the world would breathe a great sigh of relief.

Ronald I. McKinnon
Emeritus Professor of International Economics
Stanford University
Stanford, Calif.

* * *

Indonesia's Special Forces Unit Still Doesn't Respect Human Rights

Your editorial, "Strengthening Jakarta Ties" (Review & Outlook, March 18), correctly notes that Indonesia and its military have made significant progress since the Suharto era but incorrectly suggests that democratic elections and efforts to depoliticize the Indonesian military have transformed its special forces, Kopassus, into a rights-respecting force.

Since Suharto's ouster in 1998, Kopassus has been implicated in numerous serious human-rights abuses in East Timor, Aceh, and Papua. Of the few Kopassus soldiers who have been convicted of human-rights abuses, the majority continue to serve, and some have been promoted to senior ranks. Until the Indonesian government holds abusers accountable, and Kopassus shows that it can act as a professional force, Senator Leahy and other members of Congress are right to reject it as a counterterrorism partner and to focus on strengthening the capacity of the Indonesian police.

Brad Adams
Asia Director,
Human Rights Watch
London

THE WALL STREET JOURNAL.
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The Netanyahu Diaries

[Global View]

By Bret Stephens

The following note was discovered aboard the plane that brought Benjamin Netanyahu to Washington Monday. It appears to be the Israeli prime minister's personal talking points—editing marks and all—for his meeting today with President Obama. Handwriting experts are unable to confirm the note's authenticity.

Good to see you again, Mr. President. ~~And thanks for not having me skulk out the side door like the last time I was here.~~

And congratulations on your big health care victory! Well done, Mr. President, on your historic achievement. As you probably know, we Israelis have a similar system, and it has worked out pretty well for decades ~~though our doctors don't labor under ruinous medmal premiums and the constant threat of tort bar annihilation and also we're a tiny country with a huge tax burden that drives one in nine people, including many doctors, to live abroad.~~

What Israel's prime minister really thinks.

Point is, we're a nice little liberal democracy, with women's rights and gay rights, and Arab Israelis and black Israelis in parliament, and welfare and universal health care. Even when we go to war we don't just carpet bomb our enemies, ~~like your hero Franklin Roosevelt did to the innocent civilians of Dresden and Tokyo~~. I don't get why we rate most-hated-nation status from all those so-called progressives ~~wearing your face on their tee-shirts.~~

[Question to self: Why are the same people who erupt at the thought of prayer in school so often more in sympathy with Hamas in Gaza than with us?]

But on to more pressing matters. We've had a bad few weeks, your administration and mine. I'm glad we can talk them over face-to-face. As Hillary told me the other day (~~isn't she a charmer?~~), it takes a true friend to tell the hard truth. I'm sure you'll agree that in our friendship that works both ways.

I know that, from your part, you think the hard truth is that we've got to get out of the settlements. You don't have to sell me on that score. I've said repeatedly that we don't want to rule over the Palestinians; I'm all for a two-state solution in theory. It's the practice of it that's got me concerned. In fact, it's what got me elected.

So here's the first hard truth: Just as you've got your Ben Nelsons and Bart Stupaks, I've got my Avigdor Lieberman ultra-nationalists and Eli Yishai ultra-Orthodox. Some of them have ideological red lines; some of them just want stuff. That's how politics works. So what's my Cornhusker kickback, or my executive order on abortion funding? I'd welcome your ideas; ~~you're obviously good at this~~.

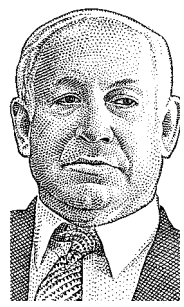
This brings me to the second hard truth, Mr. President: Most Israelis don't trust you, the way they trusted George W. Bush or ~~even~~ Bill Clinton. And let me tell you why that's a problem.

When my predecessor Arik Sharon pulled out of Gaza, he didn't do so through negotiations with the Palestinians. Those negotiations fail time and again, in part because the Palestinians figure they can hold out for more, in part because they're cutting their own deals with Hamas.

So what Sharon did was negotiate with you, the United States. And what he got was a promise, in writing, that the U.S. would not insist on a full withdrawal to the 1967 lines in any final settlement agreement.

My problem is that Hillary disavowed that promise last year, and you did so again by treating a neighborhood in Jerusalem as a "settlement." So when you pledge your commitment to Israel's everlasting security, how can we take your word for it, or know that your successor won't also renege? We don't want to wind up like Belgium before World War I, relying on phony guarantees of neutrality.

Mr. President, you need to start building some serious trust with Israelis if you mean to give me the political tools to negotiate with the Palestinians. Honestly, you didn't help yourself by ratcheting up the rhetoric against us the way you did. If your purpose was to show the Palestinians that you're going to play hardball with us, all you did was give them a reason to be even more uncompromising than before. And if your purpose was to try to drive me from office, it didn't work either: To Israelis, you came across not as anti-Bibi, but as anti-Israel.



Benjamin Netanyahu

But the hardest truth is that Israelis are losing faith that you'll do whatever it takes to stop Iran's nuclear bid. The sanctions you promise keep getting delayed and watered down. Hillary gave a fine speech at AIPAC Monday, but we all know that you're already planning on containing a nuclear Iran. That's not acceptable to me.

Let's make a deal, Mr. President: Our settlements for your bombers. We can't fully destroy Iran's nuclear sites—but you can. You can't dismantle our settlements—but we can. We'll all come out the better for it, including the Palestinians. Think about it, Barack.

Write to bstephens@wsj.com

One Raindrop's Colorful Story

[Bookshelf]

The Falling Raindrop
By Neil Johnson and Joel Chin
(Tricycle Press, 37 pages, $14.99)

By Meghan Cox Gurdon

The charm of this picture book for children ages 4 to 8 lies in the arresting simplicity of its design. "It was a stormy day," we read on the first page, which is illustrated solely by a smudge of dark cloud. Small digitized drawings that look as though they were done in pencil show us more cloudiness intensifying, wind howling (evoked by serpentine lines and a few leaves), and a fork of lightning shooting earthward. "As the storm rumbled and shook, something wonderful happened in the clouds: a raindrop was born," the text continues. And here he is! A plump, pale blue raindrop shoots onto the page, beaming broadly and giving off tiny beads of moisture in such a way that he seems to be exerting himself. Breaking into an even wider grin, the raindrop plummets joyfully; at one point, thinking he is flying, he narrows his eyes like a little boy pretending to be a fighter pilot. But the raindrop's exultation turns to fear when he realizes that he's not flying, but falling. He becomes so terrified of the inevitable crash that he misses the pleasure of his journey, "the fun of skimming through the clouds" and "the excitement of racing with other raindrops." Small children will easily warm to the expressive little raindrop but may find his terror a bit stressful: Authors Neil Johnson and Joel Chin lay on the existential angst pretty heavily, given the audience. Plunging through the air, "sad and scared and alone," the raindrop realizes that he is headed straight for a roaring campfire (here rendered with a few lines and a dab of color). In he goes, bracing himself, and at first nothing happens. "Then a tiny cloud appeared. The little raindrop had become a wisp of steam!" What a relief. Thanks to the quotidian miracle of the water cycle, we see our friend emerge, light and airy and smiling again, as he rises to rejoin the clouds.

Mrs. Gurdon is a regular contributor to the book pages of The Wall Street Journal.

OPINION

Environmental 'Crisis' and Government Power

By Barun S. Mitra

The United Nations' Intergovernmental Panel on Climate Change admitted for the first time last month that it is facing a crisis of confidence. But the IPCC's failings go far beyond the recent spate of errors identified in its reports. The problem began with the global political climate that led to the formation of the IPCC two decades ago.

Contrary to popular perception, the IPCC is not a scientific organization. It does no research of its own. Composed of scientists nominated by different governments, its key function is to collate evidence of human-induced climate change, not just changes in climate.

The IPCC's fearmongering is only the latest excuse to expand the public sector.

It is hardly surprising that with such an inherently biased objective the scientists lost their objectivity. Many of them went on a crusade to support the political goal of proving anthropogenic global warming. Concerns about scientific objectivity and critical discourse were thrown overboard.

Why did political masters set such a nonscientific mandate for their scientists at the IPCC? Because over the past half century, governments have often ridden the green bandwagon to justify public-sector expansion.

Almost every decade we have witnessed the birth of a new green scare, apparently based on new scientific findings. First came the campaign against the pesticide DDT in the 1960s, followed by the population bomb in the 1970s. Then we had the campaign to protect forests and species in the 1980s, the ozone hole in the 1990s, and most recently the crescendo over climate change leading up to last year's Copenhagen summit.

Each time, the scare was shown to be false or overhyped. For instance, millions of people in the developing world died of malaria because DDT was wrongly vilified. It took decades to overcome the blanket ban of the chemical, and now it is once again being used to control mosquitoes in Africa.

Predictions of a rising population depleting the world's resources have proven equally false and destructive. India today is enjoying the demographic dividend of a young workforce, while China is getting worried at the prospect that it may become the first society in history to grow old before it becomes rich. Likewise, forests are making a surprising comeback in many parts of the world, as the rise in agricultural productivity and economic growth are lowering demand for agricultural land.

Clearly, the track record of green prophecies has been pathetic. And with the collapse of the Soviet empire, and periodic economic turmoil, (such as the Asian economic crisis in 1997, and the dot-com bust in 2000), the public's confidence in their leaders' capacity to make effective economic policies has been shaken. It is in this context that climate change provided a new opportunity for many governments to legitimize their role, and expand their scope.

Associated Press

IPCC chief Rajenda Pachauri.

The formation of the IPCC and its apparent focus on the science of climate change allowed the political establishments to claim science as the basis for proposed climate policies that increased the power of government and curtailed the private sector. The time frame of the projected climate change was longer than earlier green crusades, typically from 50 to 100 years. This allowed policy makers to escape accountability for their misguided policies since they would be out of office by the time the consequences became apparent.

The relationship between a section of political leaders and scientists turned out to be mutually reinforcing. Policy makers justified their empire building on the basis of "scientific consensus," and scientists found a very profitable avenue for political influence and access to funding.

To sell this climate strategy, political leaders and scientists adopted the classic carrot-and-stick approach. The rich countries offered money to the poor ones in an attempt to buy support for the climate policies. More recently there is the threat of trade sanctions, which reflect the stick.

This approach was apparent in the build-up to the Copenhagen summit last December. The distinction between scientists and activists virtually disappeared as the scaremongering reached a new depth. The rich countries' carrots virtually broke the Group of 77 developing-world nations, as some of the poorest countries found the lure of easy money in hand more attractive than the fruits of economic growth in the future.

The grand design failed on three counts, and the world was saved from the onslaught of the climate crusade. Copenhagen coincided with the global economic slowdown, and therefore the promise of money seemed more like a mirage. Second, the scientific authority of the IPCC collapsed. And finally, deepening developmental aspirations in some of the major developing countries, such as Brazil, China, India and South Africa, meant that the leadership in these countries could not afford to barter their economic future for the sake of some small change today.

The current crisis in the environmental movement is not limited to a few leading climate scientists; its root lies in the political shifts taking place in many countries. Leaders are being forced to take their responsibilities more seriously, and not to outsource it to scientists. And scientists will have to regain public confidence by returning to their traditional values of objectivity and intellectual rigor.

Mr. Mitra is director of the Liberty Institute, an independent think tank in New Delhi, and a columnist for WSJ.com.

The Dodd Bill and U.S. Competitiveness

By Paul Singer

Last week, Senate Banking Chairman Chris Dodd released a bill that proposes sweeping changes to the U.S. financial regulatory framework.

The goal of any financial reform legislation should be to balance freedom and frictionless exchanges of capital with the regulatory oversight that is necessary to ensure systemic safety. The regulatory prescriptions need to be thoughtful, elegant and minimally invasive. Excessive and misdirected regulation is costly and fraught with unintended consequences. It can also hurt the competitiveness of the U.S. financial system and broader economic growth. The Dodd bill promises to do just that.

The legislation institutionalizes "too big to fail" and creates an "orderly liquidation authority" that permits the Federal Deposit Insurance Corp. (FDIC) to take over a failing financial institution. Under the new resolution authority, the FDIC, which is not equipped to manage large nonbank financial institutions, has nearly unfettered discretion to manage the distressed firm's assets as well as the resolution process.

For instance, the FDIC is permitted to treat similarly situated creditors differently as long as it maximizes the value of the failing firm or mitigates certain adverse effects on systemic stability. In addition, the FDIC will have the power to move a failing firm's assets and liabilities to newly created bridge financial companies. The transfer rules provide little comfort that creditors will retain access to the assets once the process begins. These and other provisions present such expansive loopholes that every creditor of a failing firm should feel threatened by the possibility of disenfranchisement. The judicial limits on the FDIC's authority are so slim that it is likely that creditors' due process rights would be violated.

We already have an incredibly robust, time-tested "authority" to handle failing companies—the U.S. Bankruptcy Code. With decades of case law and precedent, it is sufficiently flexible to handle almost any type of insolvent company. The markets understand Chapter 11 and have confidence in the process. The bankruptcy proceedings of Washington Mutual, CIT, Enron, Drexel and even Lehman Brothers all attest to the vigor of Chapter 11.

Lehman, whose failure many believe triggered the recent crisis, remains in a traditional Chapter 11 bankruptcy process that has been running normally without further systemic impact. Lehman caused a major disruption in financial markets in September 2008 because its derivatives books, which had hundreds of thousands of over-the-counter bilateral trades outstanding, underwent a sudden and disorderly unwind. This resulted in a negative cascading effect on Lehman's counterparties while also draining Lehman's liquidity, leaving much less for other Lehman creditors, including money market funds.

Instead of inventing an elaborate new insolvency regime that will only amplify uncertainty in the financial markets, Congress should legislate specific fixes to the existing Bankruptcy Code. For instance, adding a provision to the Code that ensures a deliberate and methodical unwind of a derivatives book would substantially mitigate the volatile reverberations that give rise to financial crises. Congress could also enable the government to provide loans in limited instances to give troubled firms breathing room to stabilize their relationships. These changes—together with a universal requirement of daily marks-to-market to limit the buildup of unsecured risks—would minimize future costs to taxpayers and the financial system.

Not a recipe for success.

* * *

Another poorly conceived idea in the Dodd bill is the taxing of U.S. financial firms to support an unlimited liquidation fund (aka bailout fund). The fund is purportedly capped at $50 billion. However, the FDIC is allowed to continuously refill the fund while initial amounts remain outstanding or lost, and there is no cap on amounts that the FDIC can raise following a systemic event. Firms that will be taxed include banks and financial companies with more than $50 billion in assets, selected nonbank financial firms, and any financial company that receives payment or credit from a firm subject to an FDIC liquidation process.

The tax raises multiple problems. First, taxing an institution based on its size is arbitrary, and unnecessarily inhibits the growth and efficiency of financial institutions. Second, taxing creditors of an FDIC liquidation process is essentially a clawback of funds paid to creditors and counterparties of failed financial firms. This is illogical. Counterparty payments by failed institutions will reduce systemic instability because creditors of failed financial institutions are the most susceptible to volatility and failure themselves. A tax on these creditors could create runs and further destabilize markets.

Third, these taxes will invariably be paid by the customers of the taxed institutions, most of which did not benefit from government guarantees or cause systemic risk. Any assertion that the ordinary taxpayer will not have to support government intervention is false.

Additional tax burdens risk making the U.S. a relatively unattractive jurisdiction for financial companies. It would be hubris to believe that U.S.-based financial institutions have nowhere else in the world to go to conduct business. The U.S. needs its financial institutions, but the reverse is not true, certainly not in the long-term if the playing field deteriorates.

It is critical to get financial regulatory reform right. Modernizing a system that has facilitated and enabled decades of prosperity is essential. But replacing the system with ill-advised measures that reduce freedom, predictability and effectiveness, and increase the concentration of public and private power, will impose a very high price on the U.S. economy.

Mr. Singer is founder and CEO of Elliott Management Corp.

Pepper . . . and Salt

THE WALL STREET JOURNAL

"I always considered a bonus as love made visible."

IN DEPTH

Defense industry pursues gold in 'soft power' deals

U.S. stresses civilian efforts, instead of just military muscle, to boost political stability and American influence

By August Cole
Monrovia, Liberia

August Cole/The Wall Street Journal

Liberian armed police conduct tactical drills in November at their temporary headquarters in Monrovia, Liberia.

Lockheed Martin Corp. became the U.S.'s No. 1 military contractor by selling cutting-edge weaponry like the F-35 Joint Strike Fighter.

Its latest contribution to the U.S. arsenal: training prosecutors in Liberia's Justice Ministry.

The U.S. government has hired the defense contractor to test an emerging tenet of its security policy. Called "smart power," it blends military might with nation-building activities, in hopes of boosting political stability and American influence in far-flung corners such as Liberia.

U.S. officials are concerned that nations imperiled by poverty and political strife could spark regional conflicts and foster terrorist networks. Defense Secretary Robert Gates says the problem posed by failing states "is in many ways the ideological and security challenge of our time."

The Pentagon and the State Department are now leaning on defense contractors to come up with ways to stave off crises before they occur, with programs as simple as mentoring lawyers or teaching auto repair. Secretary of State Hillary Clinton has advocated for "smart power" initiatives abroad. In a speech earlier this month, the Pentagon's top officer, Chairman of the Joint Chiefs Adm. Mike Mullen, talked about the need for more civilian efforts—or "soft power"—overseas, instead of just military muscle.

"Secretaries Clinton and Gates have called for more funding and more emphasis on our soft power, and I could not agree with them more," Adm. Mullen said. "Should we choose to exert American influence solely through our troops, we should expect to see that influence diminish in time."

Defense firms are eager to oblige. "The definition of global security is changing," says **Lockheed Martin**'s Chairman and Chief Executive Robert Stevens. He wants the maker of the Air Force's most advanced fighters to become a central player in the U.S. campaign to use economic and political means to align countries with American strategic interests.

Last year, Lockheed had two of its highest profile programs, the F-22 Raptor fighter and a fleet of presidential helicopters, ended by the Obama administration. Now, Lockheed is one of several defense firms expected to bid for a new State Department contract to support "criminal justice sector development programs worldwide," that could be worth up to $30 billion over five years.

Northrop Grumman Corp., the No. 3 Pentagon contractor behind Boeing, has trained Senegalese peacekeeping troops in the basics of human-rights law. Another giant defense contractor, BAE Systems Inc., has provided anthropologists to accompany U.S. troops in Iraq and Afghanistan to aid understanding of local cultures. BAE said it is seeking more "smart power" contracts, including in Africa, where much of the government's efforts are being targeted.

The Obama administration has requested $39.4 billion in funding for civilian foreign operations in fiscal 2011; part of that will be for programs such as the Peace Corps, while some will go to defense contractors for development or training programs.

Morgan Stanley defense analyst Heidi Wood says Lockheed's early push into this realm sets it apart from competitors. It is too soon to pinpoint a financial impact, she says, but the moves will pay off. "It's a complete paradigm change."

Some question whether big military contractors are the right ones to carry these programs out. Sam Rosenfeld, a former British army officer who trained soldiers in Sierra Leone and is chairman of security consultancy Densus Group, says it is hard to determine if big contractors are creating lasting programs or simply passing recruits through training. "Is the taxpayer getting value for money because they're getting sustainable systems, or is it just headcount?"

Others worry that once defense firms get into this business, their longstanding relationship with the U.S. government will end up driving more money into these initiatives, no matter the results. "It's sort of like the soft-power industrial complex," says William Hartung, director of the Arms and Security Initiative at the New America Foundation, a nonpartisan think tank in Washington, who is writing a history of Lockheed.

Defense firms are going into an area that was the domain of smaller firms and nongovernmental organizations, not shareholder-minded corporate giants. Mr. Hartung questions whether defense firms have a long-term commitment to this kind of work. "It's a little bit outside their comfort zone and different from their normal corporate activity," he says.

Recently, defense firms have begun investing in this direction. In January, DynCorp International Inc. bought Casals & Associates Inc., which specializes in building up public-health and legal systems in the developing world. The acquisition "furthers our alignment with the Obama Administration's emphasis on the application of 'smart power' to global challenges," said DynCorp Chief Executive William Ballhaus in announcing the deal.

In 2008, L-3 Communications Holdings Inc., a major military technology and services contractor, bought **International Resources Group** Ltd., which works on economic development, energy and other projects in dozens of countries.

The economic and political tenets of smart power are in many ways a modern extension of past U.S. foreign endeavors such as the Marshall Plan that helped rebuild Europe after World War II. "We cannot kill or capture our way to victory," Mr. Gates said in a 2008 speech that outlined the new policy. He has said the biggest

IN DEPTH

August Cole/The Wall Street Journal

Lockheed contractors are teaching Liberian soldiers how to maintain military vehicles at the Edward Binyah Kesselly base near Monrovia.

threats to U.S. security "emanate from fractured or failed states," and to combat them, the Pentagon needs to engage with these countries in a way "that reduces the need for direct U.S. military intervention."

Africa—where few U.S. troops are stationed—is a major focus. Many countries on this continent already are, or risk becoming, failed states. While they previously hadn't been considered a threat to the U.S., that view is changing. Somalia's nexus of terrorism and piracy is one example of how destabilized countries can become a redoubt for al Qaeda or other terrorist groups.

The U.S. military is already overstretched between Iraq and Afghanistan. So the Pentagon is eager to send defense firms to fill the gaps, in the hope that investing millions in training or advisory programs today may stave off a regional calamity that could cost billions in the future.

"Africa certainly is an area of interest to our U.S. government customers, and what's important to our customers is important to us," said Lockheed's Mr. Stevens.

Lockheed's interest in development and post-conflict work took off about five years ago when Mr. Stevens, who became chief executive in 2004, began taking steps to reposition the company.

"When I started out in the business ... more than 30 years ago, we probably then thought more in terms of military capability for the U.S," says Mr. Stevens, who enlisted in the Marine Corps after high school. Today, national security is defined "well beyond making provisions to apply military power."

In 2006, Lockheed spent $700 million to acquire Pacific Architects and Engineers Inc., which built bases for the U.S. during the Vietnam War and more recently did extensive work in Africa for the U.N.

Liberia presents an important test of whether Lockheed is suited to this changing role for defense contractors. The country emerged from two decades of intermittent civil war in 2003. That is when PAE, as well as DynCorp., began to rebuild the Liberian military on behalf of the U.S. government, which lacked spare troops to do the task.

The country's president, Ellen Johnson Sirleaf, has been cultivating a relationship with the U.S. since taking office in 2006. She says she believes encouraging Lockheed to expand its presence in Liberia will allow the country to attract more American investment in the future.

"Lockheed is very much part of our longer term attempts at creating a security architecture that keeps us safer, and the entire region," Ms. Johnson Sirleaf said in an interview last year.

Lockheed uses both its own full-time employees and contractors that it hires for a set amount of time. Some tasks, such as construction work, are subcontracted to local firms, overseen by Lockheed personnel.

Since 2006, contractors hired by Lockheed have mentored Liberian prosecutors as part of a project to bolster the country's judicial system. They also helped establish a cadre of public defenders. PAE remodeled parts of Monrovia's battle-scarred Temple of Justice, installing a new roof and new electrical wiring.

"They've come in to really strengthen the system," said Liberia's Justice Minister Christiana Tah, who has been on the job since July. "We can see the difference in the performance of the prosecutors, which was terrible."

Criminals prosecuted by the Lockheed-trained lawyers were caught by Liberia's national police force whose members were trained by Lockheed's PAE.

On a strip of soggy grass outside a rundown police headquarters, a Liberian commander drilled officers in how to remove a jammed round from their American-made assault rifles.

As he shouts, "Jammed round!," the men, members of the Liberian National Police's Emergency Response Unit, shoulder their weapons to protect colleagues who drop to one knee to clear their weapons. An American Lockheed contractor wearing navy-blue fatigues and a light-blue United Nations beret looked on.

For PAE, the biggest effort has been training and equipping the 2,000 members of Liberia's Armed Forces.

Standing in an open mechanics' bay next to a military truck, Charles Jallah, a Liberian PAE employee, trained soldiers in the basics of automotive repair. Nearby, stacks of tires stood ready to be painted before being half-buried in the ground to create a training route for inexperienced drivers. "Basically before we got here there was nothing... no kind of skilled labor," said Mr. Jallah.

Near the base's main entrance, a militarized Ford Ranger pickup passed by with a huge "student driver" placard affixed to the front.

Much of Lockheed's contract work with the Armed Forces of Liberia is winding down. Lockheed's involvement in the country, however, is evolving.

Through a six-month agreement signed with the Liberian government in August, valued at about $468,000, Lockheed is working to improve Roberts International Airport.

Before Lockheed arrived, travelers jostled to enter a decrepit passenger terminal. Bribes were often necessary to get through customs, according to U.S. and Liberian officials.

Now, the well-lit terminal has two lines that flow quickly and customs officials are watched by police.

Departing travelers can shop for watches and whiskey at a duty-free lounge. A separate waiting room for business travelers was set up.

Some of the biggest changes are in security, which now includes U.S.-style passenger screening with X-ray machines.

For Liberia, the goal is clear. If it can get the U.S. Transportation Security Administration to sign off on the airport, Delta Air Lines can start flying directly there. U.S. security concerns stopped an attempt over the summer to start service. Currently, travelers have to stop at least once elsewhere in Africa or Europe.

The contract isn't a money maker for Lockheed. To convince the Liberian government it could do the work, the company spent half a million dollars of its money on a study of the airport. But the airport project is the first time Lockheed has landed work directly from the Liberian government. The company believes it could lead to further work down the road, such as selling Liberia products like government computer networks.

The contract is crucial for Liberia too. If Lockheed can modernize the airport, Liberian officials can offer its use to the Pentagon, which lacks a ready toehold in West Africa. Liberia was the only African country to publicly lobby to permanently host the U.S. Africa Command, which is currently based in Germany. "We're really hoping we can get Roberts Field up," says Brownie Samukai, Liberia's defense minister.

This kind of intermingling of interests is what the U.S. programs are trying to accomplish, says Linda Thomas-Greenfield, the U.S. Ambassador in Liberia. She says "smart power" in Liberia involves the U.S. using "the diplomatic side, the defense side and the development side" in order to "promote democracy, stability and peace in a region that has not seen that for a very long time."

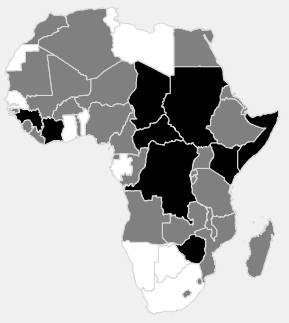
Liberia's president Ms. Johnson Sirleaf said she sees a broader role for Lockheed there. After the company completes the airport upgrade, she hopes "they will then see that they can expand their business."

Modern warfare

Military contractors are increasingly being hired to provide training and support in countries considered to be at risk of becoming terrorist havens.

Risk of becoming a failed state, from the Failed States Index 2009

Most at risk In danger



Lockheed Martin/PAE contracts in Africa

South Sudan: Assists the State Department in transforming the Sudanese People's Liberation Army from a guerilla force to a security organization

Rwanda: Has assisted U.N. with the transportation and deployment of Rwandan infantry into Darfur, Sudan

Liberia: Mentor prosecutors to better combat corruption and crime; equipped and trained Liberian army and police

Congo: Refurbished an Armed Forces of the Democratic Republic of Congo military training base in Kinshasa

Sources: Lockheed Martin; Failed States Index 2009, Foreign Policy magazine

WSJ.com

Online today: Read more about Lockheed Martin/PAE contracts in Africa at **WSJ.com/World.**

FROM PAGE ONE

Google's site change challenges Beijing

Continued from first page

for comment.

Other Google partners, including Google's advertising resellers, said they weren't contacted by Google as of Tuesday. One reseller said it appeared the ads they sold for Google.cn were showing up the Hong Kong-based simplified Chinese Web site, Google.com.hk.

Chinese officials maintained their barrage of criticism against Google. At a regular briefing Tuesday, Foreign Ministry spokesman Qin Gang dismissed the notion that the Google case had harmed China's reputation, saying "The one whose reputation has been harmed isn't China, rather it is Google." That followed a statement hours after Google's announcement from an official at the State Council Information Office blasting the company's move as "totally wrong."

Some Google products, including the company's mobile Web site and its video search service, were still being censored as of Tuesday. Google spokeswoman Jessica Powell said the mobile Web site will also be redirected to Hong Kong but that the rerouting has been delayed due to technicalities.

Another Google spokeswoman said the company still has "a number of services" still operating on Google.cn, but that in the coming days it will be reviewing each service "on a product-by-product basis and decide how to proceed."

Google's music search, for example, a free music streaming and downloading service was still provided through Google.cn as of Tuesday.

Analysts said it is unlikely Google will be allowed to continue using the Google.cn address permanently. The China Internet Network Information Center can revoke Google's permission to use Google.cn now because it sends users to a site with content that Beijing deems unlawful, they said. The network center declined to comment.

Reuters

Google is sending Chinese users to its Hong Kong site, which the company isn't censoring. Above, a bus with a Google ad rolls through Beijing Tuesday.

Even if Google.cn stops functioning, Chinese users could still access the Hong Kong site.

China's government has the ability to block access to that inside China—as it does to sites including Twitter and Google's YouTube—but analysts say officials are likely to avoid such a draconian step for fear of angering Google's millions of users.

Still, authorities could intermittently block access to Google Hong Kong. At a minimum, they are certain to continue using their filtering technology, which detects terms considered politically sensitive and temporarily blocks access to sites for users searching those terms.

Some Google fans and former employees in China criticized its move. "There is disappointment and I believe there's a certain level of anger as well," said one former Google China staffer who has spoken to friends still at the company. The former staffer said the move seemed to contradict Google's earlier expressions of commitment to China despite its misgivings about censorship, as illustrated in a 2006 statement by Chief Executive Eric Schmidt that Google would "take a long-term view to win in China. The Chinese have 5,000 years of history. Google has 5,000 years of patience."

"This just sounds so ironic now," said the former employee. "Google walked away from what it had decided and committed to do."

Google said in its Monday statement that the future of its 600 employees in China depends on how things play out, and that some might be relocated or laid off. The statement emphasized that Google's decisions about China were made in the U.S. "and that none of our employees in China can, or should, be held responsible for them," and praised the Chinese staffers for continuing to serve users and customers "despite all the uncertainty and difficulties they have faced since we made our announcement in January."

Google's move was a risky and dramatic act of defiance that could prove to be a pivotal moment in the history of U.S. companies' efforts to do business in China. It puts Google's business in one of the world's most important markets on rocky ground, using a strategy that seeks to preserve the company's principles about information freedom while still keeping a foot in the country.

Google executives reached the decision after meetings with Chinese officials at which the company discussed its plans but Beijing didn't sanction them, said a person familiar with the matter.

"This is an elegant solution if it were to hold, but I'm not convinced China will allow this to continue," said John Palfrey, an Internet scholar at Harvard Law School.

Google first started a Chinese-language search service in 2000, but operated it from the U.S. so access to the site was vulnerable to periodic blocks by Chinese censors, who at times even redirected requests for Google to Chinese search sites. In 2006 Google opened Google.cn, though some executives, including co-founder Sergey Brin, had reservations about censoring the results.

Google's business in China remains small. Youssef Squali, an analyst at Jefferies, wrote Monday that Google.cn accounted for just 1% to 2% of the company's net revenue.

—Aaron Back, Kersten Zhang and Sue Feng contributed to this article.

Malaysia to adopt new affirmative-action rules

Continued from first page

Malaysia retains longstanding policies aimed at promoting the role of ethnic Malays, who make up 60% of Malaysia's 27 million population, and which leave many ethnic Chinese and Indians feeling disadvantaged.

However, his government plans to announce new overhauls in coming weeks. "And the new approach towards affirmative-action will be more market friendly, more transparent and more merit-based," Mr. Najib said, without disclosing any details.

The British-educated Mr. Najib, the son of Malaysia's second prime minister, took power in April 2009 after big losses at the polls for the governing National Front coalition precipitated the resignation of his predecessor, Abdullah Ahmad Badawi. The opposition, led by former Deputy Prime Minister Anwar Ibrahim, has gained ground in part by drawing on support from disaffected ethnic groups.

Mr. Anwar is currently on trial for allegedly sodomizing a young male aide in 2008, the second time such charges have been brought against him in little more than a decade. Mr. Anwar, 62, says the charges are a fabrication aimed at destroying his reputation and political career. He was jailed on similar charges from 1998 to 2004, when his conviction was overturned on appeal.

Asked how he responds to criticism that Mr. Anwar is being tried for political reasons, Mr. Najib said that it "has nothing to do with the government. It's an individual matter. It just so happens the person concerned is the head of the opposition." He added: "Let us allow the process to take place and the international community can judge for itself."

This year, Malaysia has been hit by religious unrest. Tensions between Muslims and non-Muslims escalated after the country's High Court ruled on Dec. 31 that Roman Catholics could use "Allah" as a translation for "God" in a Malay-language church publication. That sparked protests among Muslims demanding that Islam be protected, and led to attacks on a number of churches and the desecration of two mosques. Mr. Najib's government has appealed the court decision, arguing that the Arabic word should be reserved for use by Muslims.

Mr. Najib blamed the violence on extremists. "In any society, there will be the whole spectrum of views," he said. "You will get the extremists on the far right and also the far left." He noted that "to change people's attitudes and values, it does take time."

Weaning Malaysia off dependence on royalties earned from its oil reserves is one of the nation's longer-term challenges, Mr. Najib acknowledged. Currently, the government uses that income to subsidize public fuel prices but "we've realized it's not sustainable." However, he noted that "there's a political cost to taking away subsidies," which will make it difficult to remove them quickly. He also stressed the need to strengthen Malaysia's social safety net to help poor people most affected by any changes.

The prime minister confirmed that Malaysia is "quite keen" on joining an Australian-backed proposal for a trans-Pacific free trade zone. Last week, representatives of the U.S., Australia, China, Brunei, New Zealand, Peru, Singapore and Vietnam held preliminary talks on the idea of such a grouping in Melbourne.

Malaysia's policy is pro-free trade, he said, "so any kind of arrangement that helps to promote trade is something that we would be very supportive of."

Agence France-Presse

Malaysian Prime Minister Najib Razak, speaking to the media in Hong Kong.

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BUSINESS & FINANCE.

Wednesday, March 24, 2010 THE WALL STREET JOURNAL. asia.WSJ.com

ICICI Bank turns focus to business lending

By Eric Bellman

MUMBAI—**ICICI Bank** Ltd., India's largest private-sector bank by assets, is returning to its roots by boosting corporate lending, Chief Executive Officer Chanda Kochhar said.

While retail lending has powered the bank's climb over the last decade to one of the subcontinent's most vital companies, the bank has been forced to slash its unsecured retail loans and credit-card portfolios.

The default rates on these loans had climbed too high, Ms. Kochhar said.

"The whole credit atmosphere in the country changed in such a manner that the actual loss ratios turned out to be much higher than what everyone envisaged," said Ms. Kochhar who, as chief executive and managing director of ICICI Bank, is one of India's most powerful women.

The debt problems at the New York Stock Exchange-listed ICICI Bank coincided with, but were unconnected to, the global debt crisis.

It hasn't had problems with subprime mortgage loans. Its home-loan and car-loan businesses have been solid and continue to grow. It has been the surprise losses on its unsecured loans that have hurt the bank, Ms. Kochhar said.

In the last decade, ICICI Bank issued credit cards and consumer loans at an unprecedented rate, often through agents.

The default rate on its credit cards rose to around 12%, while the defaults on its consumer loans rose as high as 8%.

"At these high default rates, the whole business is not as viable," she said. "It's not going up from here, but it's not going down either."

So ICICI is cutting back on its business in unsecured loans. With a renewed push in corporate lending, she said, the bank's retail-loan portfolio has come down from around 65% of its total lending a couple of years ago to 55% today and will

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Bloomberg News

Chanda Kochhar, ICICI Bank CEO

Dai-ichi IPO: $11.2 billion

Middle-range pricing suggests waning foreign demand, questions about its business strategy

By Atsuko Fukase And Hiroyuki Kachi

TOKYO—**Dai-ichi Mutual Life Insurance** Co. has set a premarket price of 140,000 yen, or $1,553, a share for its initial public offering, in the middle of its tentative range, suggesting the initial frenzy over the deal has subsided as overseas demand shrinks.

In what will be the world's biggest IPO since Visa's offering about two years ago, Dai-ichi's 1.009 trillion yen ($11.2 billion) IPO is considered a litmus test of the health of the nation's stock market.

The price was based on the results of the company's book-building exercise, which closed Friday. The insurer had set a price range of 125,000 yen to 155,000 yen a share. Despite strong demand from individual investors for the offering, foreign investors stayed on the sidelines amid uncertainty about the insurer's business strategy.

Dai-ichi said it will sell about five million shares in Japan, more than the 4.7 million shares it expected in February. However, the insurer will sell only 2.1 million shares overseas, less than the 2.5 million it had predicted. According to a banker familiar with the matter, the oversubscription rate for foreign investors was three to four times.

"I don't see a frenzy here," said Mitsushige Akino, general manager at Ichiyoshi Asset Management, noting that foreign investors didn't show much interest in Dai-ichi at the top of its tentative price range.

Market observers said the recent IPO by Korea life Insurance Co. might have prompted overseas investors to rethink Dai-ichi's IPO.

South Korea's second-largest life insurer by premiums made a solid debut, with a nearly 8% rise, earlier this month, raising $1.57 billion.

Given Korea Life's lower premarket price, investors might get the idea that Dai-ichi may be overpriced, Mr. Akino said.

Still, shares will likely see upside. They will be included in the Topix index, so fund managers are likely to add the company's shares to their portfolios after the debut. For that reason, Mr. Akino said, the price could rise above 160,000 yen by the end of May.

But investors may have a hard time getting a clear picture of the insurer's business strategy.

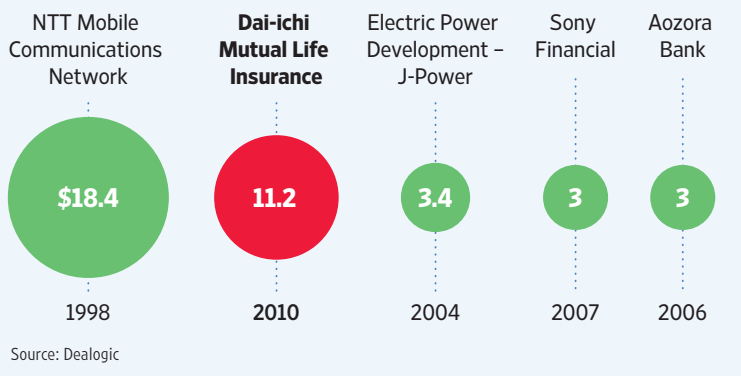
"Even if Dai-ichi's shares are cheap, they are not worth buying. We can't ignore the fact that the Japanese insurance sector's growth is limited due to the country's aging population," one fund manager said, adding that many institutional investors are staying on the sidelines because they don't want to make big changes in their positions ahead of the end of March book closing.

The company, established in 1902, is mutually held by its 8.21 million policyholders. It will allocate stock or cash to policyholders depending on the type of contract held. It won't raise any funds for its operations. It is still unclear how many shareholders the insurer will have at the time of its share debut, but an expected 2.9 million shares will be held by an undetermined number of policyholders.

The public will be offered 7.206 million shares, including an extra 100,000 shares under an overallotment arrangement. The number of shares outstanding at the time of the debut would total 10 million. The price would give it a market capitalization of 1.4 trillion yen.

—Ayai Tomisawa contributed to this article.

Big deal | Japan's biggest IPOs, in billions of dollars



Source: Dealogic

Reuters

Dai-ichi's IPO a test of market health.

Global oil firms tap China's natural gas

By Shai Oster

BEIJING—International oil companies such as **Royal Dutch Shell** PLC are betting they can tap unconventional sources of natural gas in China and copy their success in the U.S., where new techniques have uncovered vast domestic supplies that are reducing reliance on imports for decades to come.

"There is a big expectation building up, clearly, given the fundamental change in the domestic North American gas market," Shell Chief Executive Peter Voser told reporters Tuesday. New sources of natural gas have added supplies in North America equivalent to about a century's worth of use, he said.

"China has similar geology which could therefore have a significant potential," Mr. Voser said.

Shell on Tuesday announced plans to jointly develop and produce natural gas in western China's Sichuan basin with state-owned **China National Petroleum** Corp.

Under the 30-year contract, Shell and CNPC will appraise and potentially develop reservoirs of one type of unconventional gas called tight gas in an area of about 4,000 square kilometers in the Jinqiu block of central Sichuan province, according to the Shell statement. Tight gas is natural gas contained in rock that must be broken open before the gas can flow easily to production wells.

Development of unconventional gas reserves such as tight gas, shale gas or coal-bed methane gas has unlocked huge new domestic energy sources in North America, profoundly rebalancing the global energy equation. The world's biggest natural-gas fields in the Middle East and elsewhere that had expected the U.S. to be their main customer must find buyers elsewhere, causing a domino effect with consequences in Russia, which is facing new competition for its natural gas.

One buyer has been China, where natural-gas demand has outpaced domestic supply from conventional gas fields. China wants more gas as a cleaner alternative to burning coal, the source of three-quarters of its power and a major pollutant. China suffered widespread gas shortages last winter.

"This is another step forward for Shell's world-wide tight gas strategy, building on our technology and production track record in China and elsewhere," said Malcolm Brinded, executive director of Shell's upstream international division. "The agreement will strengthen our partnership with CNPC in developing cleaner energy to meet China's growing needs."

This is the second deal between Shell and CNPC announced this week, underscoring growing collaboration between China's oil companies and their international competitors, as well as the strong interest in unconventional gas supplies.

On Monday, Shell and **PetroChina** Co., which is the Hong Kong-listed unit of CNPC, agreed to buy Australian coal-seam gas producer **Arrow Energy** Ltd. for $3.15 billion, pending shareholder and regulatory approval. Coal-seam gas is another form of unconventional gas supply.

Also, a person familiar with the matter said Tuesday that **BG Group** PLC and **China National Offshore Oil** Corp. plan to sign an agreement to buy liquefied natural gas from Australia Wednesday. The deal comes nearly a year after Cnooc agreed on initial terms for the 20-year purchase of 3.6 million metric tons of LNG annually from BG's proposed export terminal in Queensland state, which will be fed by coal-seam gas. It isn't known if the terms of the binding deal to be signed Wednesday differ from the preliminary agreement.

Shell already has a China gas project with CNPC in Changbei, in Shaanxi province.

Commercial production in Changbei began in March 2007, supplying three billion cubic meters of gas a year to Beijing and other cities in eastern China.

Shell also signed a joint assessment agreement with PetroChina in November 2009 for shale-gas cooperation in Sichuan. Assessment work in the Fushun block that covers another area of about 4,000 square kilometers started in January this year.

Mr. Voser cautioned that it is still too early to tell just how much more gas China has. "We're just starting our exploration phase," he said.

—David Winning and Wan Xu contributed to this article.

Tanayong to buy Bangkok rail firm

Property developer agrees to acquire BTS for $1.24 billion in cash and stock in a move that will boost its revenue

By Phisanu Phromchanya

BANGKOK—**Tanayong** PCL said its board has agreed to acquire a 94.6% stake in elevated-electric-train operator **Bangkok Mass Transit System** PCL for 40.03 billion baht ($1.24 billion), a move that will boost its revenue over the long-term but is likely to weigh on its stock price in the short run.

The Thai property developer said Tuesday it will acquire 15.02 billion of BTS shares for 2.665 baht each, via cash and stock payment.

In Bangkok trading Tuesday, Tanayong's shares fell 7.2% to 77 satang.

The deal, if completed, will be considered as a backdoor listing by BTS, whose listing has been pushed back by almost a decade because of unfavorable economic conditions and its own complicated debt structure. "The acquisition is expected to be completed in May," said Tanayong Chairman Keeree Kanjanapas, who is also the chief executive of BTS.

Bangkok's electric rail project run by BTS was constructed by Tanayong; Mr. Keeree and his family were founding members of both Tanayong and BTS.

Bloomberg News

Tanayong's acquisition of BTS may weigh on its stock in the short term. Above, a BTS train in Bangkok last month.

The Asian financial crisis in 1997, during which the baht was drastically devalued, caused Tanayong's foreign debt to swell significantly in baht terms. Meanwhile, postcrisis economic hardship made BTS unable to meet its ridership forecast and forced it to restructure its debt to creditors.

Tanayong plans to buy a combined 6.66 billion BTS shares from **Siam Capital Developments (Hong Kong)** Ltd., **Keen Leader Investments** Ltd. and Mr. Keeree while acquiring an additional 8.37 billion BTS shares via the acquisition of **Siam Rail Transport and Infrastructure**, it said in a statement to the Stock Exchange of Thailand.

The company plans to pay for the BTS shares with 20.66 billion baht cash and 28.17 billion of its new shares, priced at 68.8 satang each.

Tanayong's board has agreed to borrow 22 billion baht from financial institutions to help fund the acquisition. Tanayong plans to raise its registered capital by 57.53 billion baht, through an issuance of 57.53 billion shares, to 65.14 billion baht.

Of the total new shares, the remainder after paying for the BTS stake will be allotted to existing shareholders, reserved for warrants conversion, and other BTS shareholders.

Upon completion of the acquisition, Tanayong will offer 20.45 billion additional new shares via rights at the ratio of four new shares for every seven shares held at a price of between 60 satang and 70 satang each. Proceeds from the rights offering will be used to repay bridging loans borrowed to finance the acquisition, said Mr. Keeree.

After acquiring BTS, 85% of Tanayong's revenue will be generated by BTS while the remainder will come from property and its other businesses, he said.

BTS is expected to post a net profit of about six billion baht for the fiscal year ending March 31, Mr. Keeree said.

Chinalco, Rio Tinto seek ties

By Denny Kurien

SINGAPORE—**Aluminum Corp. of China**, or Chinalco, seeks to develop more global strategic partnerships in the mining sector and it is in talks with Anglo-Australian miner **Rio Tinto** Ltd. about the joint development of a massive copper and gold mine in Mongolia, Executive Director Liu Xiangmin said Tuesday.

"Chinese enterprises cooperating overseas in resources and energy are an integral part of mining globalization," he said on the sidelines of a mining conference.

Mr. Liu's comments followed by one day comments made by Rio Tinto Chief Executive Tom Albanese, who expressed regret over a lost opportunity to deepen ties with Chinalco last year and optimism over a joint development deal with the Chinese company to develop an iron-ore mine in Guinea.

The recent deals between Rio Tinto and Chinalco highlight warming ties between the two mining giants in the wake of Chinalco's failed $19.5 billion bid for equity in the Anglo-Australian miner and the arrest in China of Rio Tinto executives on bribery and other charges last year. The current round of warming is playing out even as Rio Tinto employees go on trial in a Shanghai court.

With a $15.5 billion investment for about a 9% stake, Chinalco is already the single biggest shareholder in Rio Tinto, which owns a 22.4% stake in **Ivanhoe Mines** Ltd., the Canadian company that is developing the Oyu Tolgoi copper and gold project in Mongolia.

Rio's Mr. Albanese, speaking at the China Development Forum in Beijing, offered to share expertise in future projects to help China mine domestic mineral resources.

Chinalco, which currently has daily mining capacity of 100,000 metric tons, is seeking to raise this to 250,000 tons. Mr. Liu—vice president at Chinalco's listed unit, Aluminum Corp. of China Ltd., or Chalco—didn't specify the time frame over which this expansion will be achieved.

China is Rio Tinto's largest iron-ore buyer. China has provided Rio Tinto with some important products, including rail cars to transport its iron ore from mines to ports, Mr. Albanese said on Monday.

Rio Tinto intends to spend US$400 million on similar ore-car purchases from China, Mr. Albanese added.

Bloomberg News

Executive Director Liu Xiangmin says Chinalco plans to more than double its mining capacity to 250,000 metric tons a day.

—Helen Sun in Singapore and Chuin-Wei Yap in Beijing contributed to this article.

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Toshiba in reactor talks

Firm considers project with energy start-up backed by Bill Gates

By Robert A. Guth And Daisuke Wakabayashi

An energy start-up backed by Microsoft Corp. co-founder Bill Gates is in discussions with **Toshiba** Corp. on developing a small-scale nuclear reactor that would represent a long-term bet to make nuclear power safer and cheaper.

Toshiba said it is in preliminary discussions with TerraPower, a unit of **Intellectual Ventures**, a patent-holding concern partially funded by Mr. Gates. Intellectual Ventures, based in Bellevue, Wash., is run by a former Microsoft executive, Nathan Myhrvold.

Toshiba spokesman Keisuke Ohmori said the two sides were talking about how they could collaborate on nuclear technology. He said the discussions were still in early stages and that nothing has been decided on investment or development.

The discussions come as President Barack Obama is trying to spur new investment in nuclear power in the U.S. with over $8 billion in government loan guarantees announced in February.

The TerraPower-Toshiba discussions were reported earlier by Japan's Nihon Keizai Shimbun. Laura Hermann, a spokeswoman for TerraPower, said TerraPower officials have been meeting with the "nuclear community" and presenting at conferences but declined to comment on whether they met with Toshiba.

Bill Gates

TerraPower has publicly said its reactor technology could run for decades on depleted uranium without refueling or removing spent fuel from the device. The reactor, the company has said, could be safer, cheaper and more socially acceptable than today's reactors.

In interviews, Mr. Gates has described the device as being able to run buried deep in the ground without human intervention. The reactor would likely take years to develop and the U.S. Nuclear Regulatory Commission doesn't have a certification process for such reactors.

TerraPower is a small player in a field of established concerns trying to develop smaller, safer nuclear reactors.

In February, nuclear and defense supplier General Atomics said it is working on a small nuclear reactor that would run on spent fuel.

Toshiba is developing a compact reactor that can operate continuously for 30 years.

Mr. Gates's recent focus on nuclear power has been fueled by an interest in developing new power systems for developing countries.

He has also increasingly made public his view that new energy solutions are needed to combat climate change.

Ford on course to sell Volvo to China's Geely

By Matthew Dolan

Ford Motor Co. is on track to sell its Volvo car unit to a Chinese auto maker by the end of March as planned, despite an earlier report that a snag had developed.

Zhejiang Geely Holding Group Co. spokesman Yuan Xiaolin said the Chinese auto maker's talks to acquire Volvo unit are proceeding, and that it is aiming to clinch the deal by the end of this month, as originally targeted by the two companies.

"Our goal of sealing the deal before the end of the first quarter remains unchanged," Mr. Yuan said.

Last week, Geely Chairman Li Shufu told The Wall Street Journal he continued to expect to complete Geely's effort to acquire Volvo but indicated the talks had hit a snag because of unspecified concerns at Ford.

Mr. Li said his company has "done everything [it] can to prepare for the deal in accordance with the framework agreement" the two auto makers signed in December to allow Geely to acquire Ford's money-losing Swedish brand. The ball is now in Ford's court, he indicated.

A person familiar with the recent negotiations said Monday that "the talks were never snagged to the point where people walked away from the table. In any of these types of deals, you come down the final stretch; it's a complex and difficult process."

The person added that a last-minute hitch could hold up the deal, but Ford didn't expect one to emerge as a major stumbling block.

Geely representatives met with Ford officials at the U.S. company's headquarters in Dearborn, Mich., last Friday to discuss the transaction.

Geely, one of China's biggest privately owned auto makers, is financing a roughly $2 billon bid for Volvo with a combination of cash, bank loans and funds from a small number of investors.

—Norihiko Shirouzu contributed to this article.

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DOWJONES

CORPORATE NEWS

Google wins EU ruling on 'AdWords'

In setback for LVMH, court clears way for search engine to sell advertising linked to trademarked brand names

By Christina Passariello And Max Colchester

The European Union's highest court ruled Tuesday that **Google** Inc. has the right to sell ads linked to the Louis Vuitton name and other famous brands, a landmark judgment that clears search engines of trademark liability in Europe and protects a crucial revenue stream.

The European Court of Justice in Luxembourg ruled that Google is not liable for trademark infringement when it sells ads linked to keyword searches for a brand to one of the brand's competitors.

The court argued that the search giant is merely a host for ads, and turned down a lawsuit brought by luxury-goods group **LVMH Moët Hennessy Louis Vuitton** SA. The court concluded that it is an advertiser's responsibility to make clear if the product it is selling is different from the brand keyword typed in by the consumer.

The ruling is a victory for Google and protects its main source of revenue, says Nicola Dagg, an intellectual-property lawyer at the London-based law firm Allen & Overy. "It gives Google legal certainty over what is a very big cash cow," Ms. Dagg said.

The ruling by the Luxembourg-based court is the first major decision on this form of advertising and selling. It protects not only Google but other search engines such as those of **Yahoo** Inc. and **Microsoft** Corp. The verdict came as the Internet giant is under attack in courts around the world from brands that want to prevent competitors from using their names in advertising on Google's site. Google has maintained that its purpose is to provide the most information possible to its search users.

"We believe that user interest is best served by maximizing the choice of keywords, ensuring relevant and informative advertising for a wide variety of different contexts," Google's senior litigation counsel, Harjinder S. Obhi, said.

Getty Images

LVMH now plans to cut off the keyword trade at advertisers. Above, a limited edition Louis Vuitton camera bag

LVMH said it was satisfied with the ruling. "We will be able to cut off the keyword trade at the source," LVMH vice president Pierre Godé said in an interview.

Since Google launched its "AdWords" advertising service with 350 customers 10 years ago, the service has grown into a multibillion-dollar industry. Google now has hundreds of thousands of advertisers that finance Google's free search engine, fees from which make up 97% of the company's annual $23.7 billion in revenue.

The service is controversial. Google faces hundreds of lawsuits for trademark infringement from brands in countries including the U.S., Germany and France. Tuesday's decision is the first time a court as high as the EU's Court of Justice has ruled on the legality of Google's AdWords, and its opinions apply to all 27 European member countries.

The court concluded that it is an advertiser's responsibility to make clear if the product it is selling is different from the brand keyword typed in by the consumer.

The European Court of Justice verdict comes in response to three lawsuits filed against Google in France in recent years. The three plaintiffs—Louis Vuitton, travel company Viaticum and CNRRH, a matchmaking service with mostly Eastern European women—all wanted to stop Google from selling their trademarks as AdWords.

Google sells the right for Web sites to associate themselves with a word; their ads are displayed alongside the results of its keyword search. LVMH spends between €10 million and €20 million ($13.6 million-$27.1 million) a year to buy Google ads for its brands, which include Sephora, Moët & Chandon champagne and Dior perfume.

The court took into account how consumers use the Internet. Google argued that Internet users who search for the term "Louis Vuitton" are not only looking for a bag—they may also be after other information pertaining to the name, such as product reviews. LVMH's Louis Vuitton division wanted Google banned from trading on its name because sites selling fakes bearing its famous LV initials have appeared on Google's sponsored links.

The court noted that consumers could be confused by some ads. But it said it is up to advertisers using a competitor's name to promote their product to differentiate their goods. The decision puts the onus on brand owners, not on Google, to police the use of their name online.

The ruling could reverse earlier victories for LVMH in its home country of France. The luxury-goods company sued Google in 2004 and won several rounds in court before France's highest court, the Court of Cassation, asked the European Court of Justice to weigh in on the question.

LVMH also has prevailed in several French cases against online auction site **eBay** Inc.

Two years ago, eBay was forced to pay Louis Vuitton and other luxury-goods brands a total of €40 million for allowing fakes to be sold on its site and profiting from their sale. It put the burden of detecting fakes on the retailer, not on the brands—a liability that the European Court of Justice questioned in Google's case.

For Google, the European ruling is a rare legal victory this year. Last month, an Italian court convicted three Google executives of violating the privacy of a disabled boy by hosting a video on one of its sites showing the boy being bullied, a decision that could pave the way for restrictions on Internet companies in Italy.

Toshiba revives plan for facility

By Juro Osawa

TOKYO--**Toshiba** Corp. will begin construction of an additional flash-memory manufacturing facility at its plant in central Japan in July after putting the plan on hold because of the global financial crisis, the company said Tuesday.

The construction of a fifth facility at the company's Yokkaichi Plant in Mie Prefecture indicates that the global market for flash-memory chips is picking up thanks to the increasing popularity of smart phones and other devices.

The company has yet to decide how much it will spend on the building, which is scheduled to be completed in spring 2011, or how big the production capacity will be, a Toshiba spokesman said.

Toshiba first announced its plan to build the facility in February 2008, saying that construction would start in spring 2009. But the company said in early 2009 that it would postpone the plan until some time in 2010.

"Demand is on the rise, mainly for new applications such as smart phones, and the market is expected to grow in the medium to long term," Toshiba, the world's second-biggest NAND flash memory chip producer by revenue after **Samsung Electronics** Co., said in a statement.

European Pressphoto Agency

Toshiba plans to begin construction of a new flash-memory facility in July.

U.S. research firm iSuppli forecasts that global smart-phone shipments will rise 32% in 2010, to 239 million units from 181 million in 2009, and another 33% in 2011.

Toshiba had also postponed construction of a new flash memory facility in Kitakami in northern Japan, but this plan remains on hold, the spokesman added.

When the company originally announced its plans for Yokkaichi and Kitakami in 2008, it said it expected to spend about 1.5 trillion yen ($16.61 billion) on the two facilities combined. But the spokesman said that amount is no longer valid and the size of the investment is now undetermined for both facilities.

Astra sees growth easing for car, motorcycle sales

By Patrick Barta

JAKARTA—Recent sharp increases in car and motorcycle sales in Indonesia are likely to moderate over the coming months, but overall sales should remain strong, the president-director of PT **Astra International** said.

The company, one of Indonesia's largest conglomerates with interests from cars to plantations, has seen its share price surge over the past year in part because of the surprising strength in consumer demand in Southeast Asia's largest economy.

That strength was especially apparent in recent months, when auto and motorbike sales soared. Car sales rose 61% in February compared with a year earlier, while motorcycle sales grew 30% that month.

Astra assembles and distributes cars and motorbikes in partnerships with **Toyota Motor** Corp., **Honda Motor** Co. and others.

Prijono Sugiarto, the company's president-director, said in an interview that he expects car and motorcycle sales to grow 10% to 15% this year—strong but somewhat lower than recent trends.

"The first three months are basically great" this year, he said, including a 67% jump in car sales in January.

But he advised caution in forecasting demand, in part because of reports that the Indonesian government is considering imposing new taxes on automobiles, which could slow sales.

If such taxes aren't passed, sales growth could exceed 10% to 15%, he said.

The recent outsized monthly gains, he said, were partly driven by favorable comparisons to early 2009, when demand fell off temporarily because of the immediate chill of the global financial crisis.

Later in the year, demand recovered, which means year-to-year sales comparisons in latter parts of 2010 might not look as impressive.

He said 10% to 15% growth wouldn't be enough to bring car sales back to 2008 levels, though motorbike sales could return to those levels this year.

CORPORATE NEWS

Kumho Tire's capital base falls

Restructuring efforts said to be still on track

By Kyong-Ae Choi

SEOUL—Restructuring moves by Kumho Tire Co., part of a broader program involving its parent **Kumho Asiana Group**, remained on track despite an announcement Tuesday by South Korea's No. 2 tire maker by sales that its capital base has been seriously eroded by lower production and sales.

Analysts said key players, ranging from main creditors to union leaders, are getting closer to reaching agreement on the remaking of Kumho Tire and another affiliate of the group.

Kumho Tire's capital base slumped to 64.48 billion won ($57 million) for 2009, down 81% from 350 billion won the previous year, the company said in a regulatory filing with the Financial Supervisory Service.

On Tuesday, shares of Kumho Tire—an affiliate of the cash-strapped Kumho Asiana Group—fell 14% to 3,155 won on the news.

It came after **Kumho Industrial** Co. the construction affiliate of the group, also announced a significant erosion in its capital on March 10, saying its debt exceeded assets by 1.13 trillion won at the end of December.

"As capital erosion in the two Kumho affiliates was widely expected, it won't likely impede the group's restructuring moves," Ko Tae-bong, an automobile analyst at IBK Securities, said.

The biggest hurdle for Kumho Tire is that the union is firmly opposed to the company's plan to lay off about 1,200 workers as part of the restructuring process in return for a fresh loan of 100 billion won from the Korean Development Bank, the main creditor of the group and Kumho Tire. Approval from the union is essential for creditors to proceed with the debt-rescheduling program.

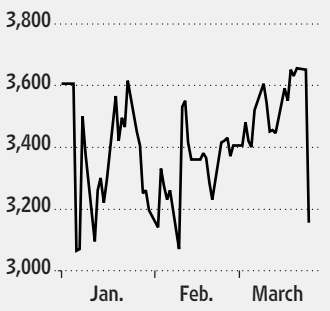
"Union members will have no choice but to accept the layoff plan as the company may put production facilities up for sale to pay debts as the last resort," Mr. Ko said. "But the workers won't let such a worst-case scenario happen."

The restructuring of Kumho Tire should include measures such as capital reduction, rights issue or debt-equity swap, he said.

Creditors are expected to come up with a detailed plan for the two affiliates as early as late March or early April, an official at state-run KDB said. However, creditors of Kumho Industrial must complete a debt-equity swap for the company in March to prevent it from being delisted from the Korea Exchange. The debt-equity swap is critical for resumption of trading in Kumho Industrial's shares on the main exchange.

Kumho Tire

Tuesday's close: 3,155 won, down 14%
Year-to-date: down 12%



Source: Thomson Reuters Datastream

Icahn, Biogen reach deal over drug maker's board

By Thomas Gryta

Biogen Idec Inc. reached an agreement with Carl Icahn, adding two members to its board—one of whom was on the three-person slate Mr. Icahn nominated in January—in exchange for concessions from the activist investor.

With the appointments, Mr. Icahn has agreed to vote his shares at the annual meeting in favor of Biogen's nominees.

Mr. Icahn applauded Biogen's board for "acting so responsibly" and said he believes that the company has made "big strides" since he first gained representation on the board.

But in an interview, Mr. Icahn said he still thinks it makes more sense to split the company into two smaller operations, effectively reversing the 2003 merger that created the company.

"At the right price, I think Biogen should be sold," he said. "To me, it is still an undervalued company."

In the meantime, he plans to use a strategy of reducing bureaucracy and costs to improve Biogen, something that he did at ImClone Systems Inc. before its $6.5 billion sale to Eli Lilly & Co. in 2008.

He said "there are a lot of analogies" between Biogen and ImClone, noting that he doubled the stock price of ImClone and has two key people from ImClone now on the Biogen board.

Mr. Icahn also reiterated his long-held philosophy that large pharmaceutical companies will continue to buy biotech companies to bolster their product pipelines.

"As a general rule, these are marriages made in heaven, but in many cases the old-line board stands in the way," he said.

In the deal announced Monday, Biogen appointed Eric Rowinsky—from Mr. Icahn's slate—and Stephen Sherwin to its board. In return, Mr. Icahn will vote his shares at the coming annual meeting in favor of Biogen's nominees, including current directors Nancy Leaming and Brian Posner, along with the two new directors.

As expected, Chief Executive James Mullen and Chairman Bruce Ross won't stand for re-election to the board. Mr. Ross stepped down at the beginning of the year.

ETHNIKI KEFALEOU A.E.
Administration of Assets and Liabilities
Company of the "NATIONAL BANK OF GREECE" Group
CALL FOR TENDERS AT A PUBLIC AUCTION
FOR THE SALE OF ONE OR MORE "SISTERSHIP" AIRCRAFT
OF "OLYMPIC AIRLINES S.A." – under liquidation

"ETHNIKI KEFALEOU S.A. Administration of Assets and Liabilities", seated in Athens, Greece (9a, Chryssospiliotissis str., 105 60) (hereinafter "the Liquidator"), in its capacity as special liquidator of the company "**OLYMPIC AIRLINES S.A.**", seated in Kallithea, Athens Greece (154, Syggrou Ave.) (hereinafter "the Company"), presently under special liquidation according to the provisions of Article 14A of Law 3429/2005 of the Greek Parliament, by virtue of the Decision No. 5714/2009 of the Athens Court of Appeal.

ANNOUNCES A CALL FOR TENDERS

by way of a public auction with sealed binding offers for the sale of one or more of the following **Boeing 737-4Q8** aircraft equipped with **CFM56-3C1** engines.

BRIEF INFORMATION ABOUT THE COMPANY

The Company was founded in 1991 under the name "OLYMPIAKES AERONAVLOSEIS S.A.". It was later renamed "MACEDONIAN AIRLINES S.A." and in 2003, having been further renamed "OLYMPIC AIRLINES S.A.", it acquired the flight sectors of "OLYMPIC AIRWAYS S.A." and "OLYMPIC AVIATION S.A.", as a special successor. The Company's corporate objectives include scheduled and non-scheduled flight operations for passengers, cargo and mail, the purchase and sale of aircraft, as well as objectives relevant to these aforementioned. The Company was placed under special liquidation according to the provisions of article 14A of Law 3429/2005 on 02.10.2009.

ASSETS OFFERED FOR SALE

The following **Boeing 737-4Q8** aircraft equipped with **CFM56-3C1** engines are offered for sale on an individual basis, in an "as is, where is" condition. They are parked in Athens International Airport, Greece.

No.	Aircraft	MSN	MAN. DATE	TOTAL HOURS	TOTAL CYCLES
1.	SX-BKB	25313	09/ 1991	53925	34472
2.	SX-BKA	25314	09/ 1991	53728	34372
3.	SX-BKC	25361	09/ 1991	54390	34395
4.	SX-BKD	25362	10/ 1991	54351	34686
5.	SX-BKE	25417	11/ 1991	55308	34651
6.	SX-BKF	25430	12/ 1991	55208	34721
7.	SX-BKG	27149	05/ 1993	50251	31739

OFFERING MEMORANDUM – ADDITIONAL INFORMATION

Interested parties may obtain the Offering Memorandum describing the above aircraft, as well as any further information, upon signing a Confidentiality Agreement.

TERMS AND CONDITIONS OF THE AUCTION

1. **Generally:** The Public Auction shall be conducted in accordance with the provisions of article 14A of Law 3429/2005 (as amended by article 40 of Law 3710/2008), the terms and conditions set forth herein and the terms and conditions included in the Offering Memorandum, regardless of whether these are herein repeated or not. Submission of binding offers shall mean and be deemed as acceptance of all such provisions, terms and conditions. Interested purchasers have to submit offers for one or more of the above assets of the Company, expressly stating the purchase price offered per aircraft.

2. **Binding Offers:** In order to participate in the Public Auction, interested buyers are hereby invited to submit sealed binding offers **to the Notary Public of Athens, Mrs. Ioanna Gavrielli – Anagnostalaki, 50 Omirou str, 106 72 Athens (tel. +30 210 3629893) not later than 13.00 hours (local time) on Thursday, 15 April, 2010.** Offers should expressly state the offered purchase price per aircraft and the terms of payment in detail (cash or by instalments, mentioning the number of instalments, the dates of payment of each instalment and the proposed interest rate, if any). If the following are not specified: a) the way of payment, b) whether the outstanding amount bears interest or not, c) the interest rate, then it shall be deemed accordingly that: (a) the offered purchase price shall be fully paid at the time of the sale, b) the outstanding amount shall not bear any interest and c) the interest rate on the outstanding amount shall be calculated according to the contract interest rate stipulated by law as in force from time to time. In case there exists an outstanding amount bearing interest, the interest shall be calculated on the outstanding amount as of the time of calculation and the interest shall be fully paid over and above the amount of the instalment, at the time on which each instalment is due, unless otherwise specified in the offer. Binding offers submitted later than the above date and time shall neither be accepted nor considered. The offers must not include any terms, conditions or unclear and vague expressions that cause doubt as to the offer being binding, as to the amount or the way of payment of the price offered, or as to other matters relevant to the sale or as to other important matters. The offers shall be binding, regarding the interested purchasers, until the notification of the successful bidder, in accordance with the provisions of article 14A of Law 3429/2005, and, regarding the successful bidder, until the execution of the sale and purchase agreement.

3. **Letter of Guarantee:** Each offer must include, in order to be valid, a Bank Letter of Credit, issued by a bank legally operating in Greece, which must be valid and in force at least until the notification of the successful bidder (issued in accordance with the draft Letter of Guarantee included in the Offering Memorandum in Greek), for the amount of **EURO five hundred thousand (500.000) per aircraft.** In order to submit a valid offer for each aircraft, **a separate Letter of Guarantee must be submitted per aircraft.** The Letters of Guarantee shall be returned after the notification of the successful bidder.

4. **Submissions:** Binding offers, together with the Letter(s) of Guarantee, must be submitted in a sealed, opaque envelope. Submission of the offer shall be made either by the interested purchaser himself or by a lawfully appointed representative pursuant to a specific power of attorney, notarised and, if required, apostilled. Submission of offers on behalf of a third party shall be accepted only in case a specific notarial power of attorney is submitted (empowering the person that submits the offer to represent and submit the offer) and under the condition that the person that submits the offer gives a personal guarantee for the performance of the obligations stipulated in the sale and purchase agreement.

5. **The envelopes including the binding offers shall be opened** by the above mentioned Notary Public, in her office at **14.00 hours, on Thursday, 15 April 2010.** Any party that submitted a binding offer within the specified deadline, shall be entitled to attend the opening of offers and to sign the deed attesting the opening of the binding offers.

6. **The successful bidder,** according to applicable law, shall be the bidder, whose offer shall be determined, by the creditors specified in article 14A para. 1 of Law 3429/2005 representing at least 51% of the claims against the Company (hereinafter "the Creditors"), as the most profitable one for the Company's Creditors, on the basis of the summary appraisal report of the Liquidator. It is specified that, in the case of payment by installments, for appraisal purposes, the present value of the offer price shall be calculated using a discount rate equal to 8.5%.

7. **In case it is specified in the offer that the purchase price shall be paid in installments,** at least sixty per cent (60%) of the total price offered must be paid at the time of sale, and the outstanding amount must be fully paid within six months following the signing of the sale and purchase agreement. The outstanding payment must be fully secured by way of a Bank Letter of Credit, and, additionally, the Liquidator shall be entitled to register a first preferred mortgage on the aircraft, as well as to include in the sale and purchase agreement a sale reversal (resolutive) condition.

8. **The Liquidator and the Creditors** reserve the right either to reject any offer including terms or conditions, regardless of whether such an offer includes a higher offer price or not, or to consider such terms and conditions as non-existing, in which case the offer shall be binding pursuant to the rest of its content.

9. **The Liquidator** shall give written notification to the successful bidder to appear on the date and place mentioned therein and execute the sale and purchase agreement in accordance with the terms included in the binding offer and any other "best and final" terms that have been proposed by the Creditors and have been accepted by the successful bidder. In case the successful bidder does not fulfill such an obligation, the Letter of Credit will be forfeited in favor of the Liquidator, the Company and the Creditors, compensating for all kinds of expenses, fees, costs and damages, without any obligation to provide specific evidence. Award shall be deemed to take effect upon execution of sale and purchase agreement.

10. **All costs and expenses of any nature**, including any taxes (such as V.A.T.), custom duties, fees, state or third party levies (other than those exempted by the applicable law) relevant to the participation in the Auction and the transfer of the assets offered hereby for sale, the sale and purchase agreement, as well as any other act prior or subsequent to the transfer of assets, shall be borne by the interested purchasers and by the successful bidder, as applicable.

11. **Interested purchasers** should conduct their own assessment and study of the aircraft described herein, as well as their legal and actual condition, engaging technical and legal consultants. The Liquidator, the Company and the Creditors shall not be liable for any omission or inaccuracy whatsoever, nor for any actual or legal defect of the said assets.

12. **The Liquidator and the Creditors** shall have no liability, nor any obligation whatsoever, to the interested purchasers with regard to the evaluation of the offers, nor to the award to the successful bidder, nor to any decision for repetition or cancellation of the Auction, nor to any other decision in connection with the proceedings and the conduct of the Auction.

13. **The successful bidder is solely responsible for compliance with and execution of any conditions, approvals, procedures etc.** that may be required under applicable legislation both prior and after the execution of the sale and purchase agreement. The Liquidator is not in any way responsible for not making any reference herein, or in the Offering Memorandum, or for the aforementioned conditions, approvals, procedures etc. not being implemented due to rejection of approval, commitment etc. by any individual or by any legal entity, operating either in the public or in the private sector, or by any authority or due to any other grounds whatsoever.

14. **Submission of binding offers** shall not create any right for award of the sale of the asset(s), nor does this Call and/or the participation in the Auction create any right or claim against the Liquidator and/or the Creditors for any reason whatsoever.

15. **This Call** has been drafted in Greek and translated into English. In any event, the Greek version shall prevail.

Interested parties may obtain the Offering Memorandum, as well as any further information, upon signing a Confidentiality Agreement. Please contact either the Division of Liquidations of the Liquidator "Ethniki Kefaleou S.A. Administration of Assets and Liabilities", 9a Chryssospiliotissis St. Athens 105 60, Greece, Tel.:+30-210-3340882-4, fax: +30-210-321.7905, e-mail address: **info@ethnikikefaleou.gr** or the specified Attorney of the Liquidator, Mr. Dimitrios Georgarakis, Athens International Airport, Building 97, tel.: +30 210 3565300, Fax +30 210 3565225, e-mail address **chairman@olympicairlines.gr**

U.K. arrests 6 in crackdown on inside trade

U.K. authorities arrested six men, including an employee of U.S. hedge fund **Moore Capital Management** LP and another from Germany's **Deutsche Bank** AG, as part of what the government billed as a major crackdown on insider trading in London's financial center.

*By **David Enrich, Cassell Bryan-Low** and **Sara Schaefer Muñoz***

Agents from the Financial Services Authority and the Serious Organized Crime Agency arrested the men at their homes Tuesday morning and searched 16 homes and businesses in London and southern England, seizing documents and computers.

An FSA news release on Tuesday morning didn't disclose the men's names or firms but said two are "senior City professionals at leading City institutions" and that a third works at an unidentified hedge fund. A person familiar with the matter said one of the men worked at Deutsche Bank.

A Deutsche spokesman declined to comment.

Moore Capital, a prominent New York-based hedge fund, said, "Moore is fully co-operating with the FSA in its investigation. The individual concerned has been placed on administrative leave pending completion of the investigation."

The FSA investigation is focused on trading by the Moore employee in his personal account, and the FSA has advised Moore that the fund isn't a target of the probe, according to a second person familiar with the matter.

The FSA, trying to establish its crime-fighting credentials, described the raids as targeting "a sophisticated and long-running insider [trading] ring. It is believed that the City professionals passed inside information to traders (either directly or via middlemen) who traded based on this information and have made significant profits as a result."

The men were being questioned at police stations in London, Kent and Oxfordshire, and hadn't been charged as of Tuesday afternoon. A spokesman for the Serious Organized Crime Agency, or SOCA, said the government has 24 hours from the time of the arrests to decide whether to charge or release the suspects.

The FSA, the U.K.'s primary regulator of financial institutions and markets, trumpeted the insider-trading case as its largest ever. Some 143 employees of the FSA and SOCA participated in the investigation, which has been under way since late 2007, the FSA said. It is the first time the FSA and SOCA have teamed up on an operation.

Since the FSA gained the power to criminally prosecute insider cases in 2001, the agency has only brought about a half-dozen actions. And those generally have targeted relatively small-scale insider trading operations, according to former FSA employees

"There is a view that people are not frightened of the FSA," its chief executive, Hector Sants, said last March. "I can assure you that this is a view I am determined to correct. People should be very frightened of the FSA."

He said last week the agency had some large, sophisticated operations in its cross hairs.

Bank of China's profit soars 26%

Lender expects to slow loan growth to 17% in 2010 from the 50% pace of last year

SHANGHAI—**Bank of China** Ltd. posted a 26% rise in 2009 net profit, helped by lower impairment charges in a year of markedly increased lending. The country's third-largest bank also said it will slow the pace of its lending this year.

China's authorities have recently required banks to slow lending because of concerns about the possible formation of asset bubbles and the resurgence of bad assets following the record loans issued by the country's banks last year.

Bank of China, which analysts say likely was the biggest issuer of credit domestically last year, said it has targeted a 17% rise in local-currency loans this year, down from 50% in 2009.

The lending spree didn't boost Bank of China's bottom line, as lower interest margins offset any potential benefit from the higher loan volume.

Instead, earnings were buoyed by a decrease in write-offs, which weighed on the bank's year-earlier results. Bank of China was the most exposed of Asia's financial institutions to U.S. subprime securities, and it set aside $2.25 billion in 2008 to cover potential subprime-related investment losses. With global markets having improved in the past 12 months, the bank said it was able to reclaim some of that, as losses weren't as bad as expected.

The company, China's third-largest publicly traded lender by assets after **Industrial & Commercial Bank of China** Ltd. and **China Construction Bank** Corp., said net profit rose to 81.07 billion yuan ($11.87 billion) from 64.36 billion yuan in 2008. Total impairment charges fell to 15.99 billion yuan from 45.03 billion yuan.

The profit rise contrasted with a 2.5% fall in its first-half net profit, adding to evidence of the impact of China's economic rebound on banks' operations. Analysts expect continued improvement in bank profits this year because of stronger borrowing demand and a likely increase in interest rates.

Reuters

Bank of China's lending spree didn't boost earnings. Here, a security guard outside the bank's Beijing headquarters.

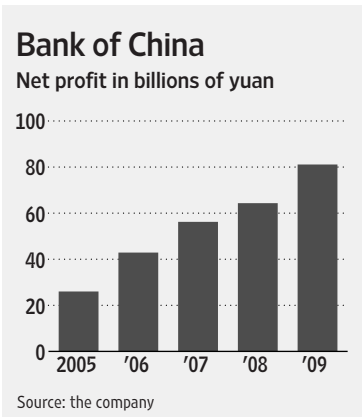
During a news conference in Hong Kong following the release of the bank's earnings, Bank of China President Li Lihui said his bank and Singapore's sovereign-wealth fund, **Temasek Holdings** Pte. Ltd., plan to set up a rural banking joint venture in China with 40 to 60 branches.

Mr. Li said he hopes the two institutions will each hold a similar stake in the venture, but declined to comment on the potential size of the investment or give other details.

Providing financial services to people outside China's large cities has become a concern for Beijing's leadership in recent years as China's rural population continues to miss out on the strong economic growth and rising living standards of the country's urban areas.

State-controlled Bank of China capitalized on Beijing's easy monetary policy to increase its share of the domestic credit market, as its overseas business, which is larger than that of other Chinese lenders, had been a drag on its earnings during the global financial crisis.

The bank said it extended 1.17 trillion yuan of new yuan loans in 2009, increasing outstanding yuan loans 50% from the end of 2008. Still, the surge only partly offset a decline in net interest income, which fell 2.5% to 158.88 billion yuan as Beijing's interest-rate cuts in the second half of 2008 squeezed banks' net interest margins.



Source: the company

Despite the robust credit growth, the bank said its nonperforming loan ratio fell to 1.52% from 2.65% at the end of 2008.

The explosion in lending did reduce the bank's capital base. Bank of China said its capital-adequacy ratio, which governs the minimum amount banks must hold against risky assets, fell to 11.14% from 13.43% at the end of 2008.

Analysts have said Chinese banks' bad-loan ratios likely will keep falling this year as new lending will continue to balloon, but concerns over the long-term health in the banking sector have been mounting given that soured loans typically show up with a lag of two to three years.

Meanwhile, **BOC Hong Kong (Holdings)** Ltd., the Hong Kong arm of Bank of China, said its 2009 net profit quadrupled, as the lender's shift toward lower-risk securities investments resulted in a significant write-back of impairment charges.

BOC Hong Kong, 66%-owned by its state-owned parent, said net profit rose to 13.73 billion Hong Kong dollars (US$1.77 billion) from HK$3.34 billion.

The result was higher than the average HK$12.51 billion forecast of 19 analysts surveyed by Thomson Reuters.

—Rose Yu, Aries Poon and Dinny McMahon

ICICI cuts back on consumer lending

Continued from page 19

likely fall to 50% soon. With half of its loans now corporate, ICICI Bank is retreating somewhat from its aggressive push into retail banking over the last decade.

The bank was born in 1955 as Industrial Credit & Investment Corp. of India. It was created with the help of the World Bank because Indian companies needed a financial institution that could borrow money abroad. Until the late 1990s, it dealt mostly with corporate borrowers.

Default rates on unsecured loans had grown too high in the absence of a system to penalize borrowers.

As India's economy opened and expanded, ICICI Bank focused on serving the country's middle-class consumers. It opened hundreds of branches and ATMs every year to reach them in their neighborhoods in cities across the country.

Being the first company to make credit cards and consumer loans so accessible to millions, ICICI was also one of the first to discover that there is a large number of new borrowers unafraid to default on unsecured loans because there are only limited consequences to default in India.

Indian banks are still building a reliable credit-rating system, and it is difficult and expensive to take defaulters to courts. Unless the bank has the collateral of a car or home to repossess, it has few options to pressure bad borrowers. As the group of new borrowers expanded, a number of them realized this and just stopped making payments on their unsecured loans, Ms. Kochhar said.

"In the current environment, the customer thinks that if he does not pay, it does not really impact him," she said. "This is because we have not yet got the entire system such as credit-scoring models."

The bank has stopped using commissioned agents to sell its products and is taking a short break from the rapid expansion of its branch network. After adding 500 branches this fiscal year as well as last, ICICI Bank will take a few months before it decides whether it wants to continue growing at that pace, Ms. Kochhar said. She said she still expected ICICI Bank to double its branch network to 4,000 branches over the next three years.

By boosting its corporate lending and switching its focus to home and car loans, the bank will be back on track in the coming fiscal year and will see loan growth of close to 20% she said.

It won't return to rapid expansion of its credit-card and consumer-loan businesses until the institutions, legal support and consumer attitudes are in place to bring down the loss rates, she said.

"Until the circumstances change and change customer behavior, this portfolio is going to continue to remain a little risky," she said.

ICICI Bank's net profit fell 13% in the quarter ended Dec. 31 to 11.01 billion rupees ($242 million) down from 12.72 billion rupees a year earlier. Its shares fell 1.1% to 925.60 rupees on the Bombay Stock Exchange on Tuesday.

—Arlene Chang contributed to this article.

Nomura unit hires from RBS

By Lyndal McFarland

MELBOURNE—Nomura Australia Ltd. has lured eight equities analysts from rival **Royal Bank of Scotland Group** PLC, as **Nomura Holdings** Inc. looks to boost its presence in the Australian market, two people familiar with the situation said Tuesday.

The new hires include retail, food and beverages analyst David Cooke, health-care analyst David Stanton, and the materials and industrials team of Simon Thackray and Richard Johnson, said the people. Four junior analysts along with two research sales staff are also leaving RBS to join Nomura, they said.

The additions will boost Nomura's research team in Australia and add to other recent hires at the group, including former Deutsche Bank employee Grant Chamberlain, who will head Nomura's mergers and acquisitions team in Australia.

The exodus is also a blow to RBS which, before Tuesday's departures, had 45 analysts in Australia.

MARKETS

TARP recipients face pay czar review

Feinberg will look at whether executive compensation paid during the height of financial crisis should be returned

By Deborah Solomon And Aaron Lucchetti

WASHINGTON—The U.S. pay czar will review executive compensation at **Goldman Sachs Group** Inc., **J.P. Morgan Chase** & Co., **Morgan Stanley** and 416 other firms that took government bailout funds, to determine if compensation paid during the height of the financial crisis should be returned, according to government officials.

Kenneth Feinberg, the Treasury Department's special master for compensation, was to send a letter Tuesday requesting compensation data for as many as the top 25 executives at each of the 419 institutions that received Troubled Asset Relief Program funds. The pay review will cover only a short window, but one that captures the 2008 end-of-year bonus season at most large companies.

Lloyd Blankfein

The inquiry marks the first time the government will look into pay at a broad swath of institutions that took government bailout funds. Mr. Feinberg's primary mandate has been to review and set pay at seven companies receiving large sums of government aid, such as **American International Group** Inc., **General Motors** Corp. and **Citigroup** Inc. Other financial institutions that took TARP funds have been subject to compensation restrictions but haven't been subject to a government review.

Mr. Feinberg's review comes amid continuing anger over Wall Street pay at a time of high unemployment. As financial institutions recover and return to profitability, they have resumed paying large sums to executives, triggering anger among the public and lawmakers.

Some on Wall Street said they expected the report to be routine, but others said there could be potentially embarrassing nuggets of who earned what amid the depths of the financial crisis in 2008.

Mr. Feinberg's review is required under the 2009 statute creating the special master's role. It could result in some firms returning bonuses, salaries or other payments. The pay czar doesn't have the power to demand compensation be repaid, but he can seek to use his bully pulpit renegotiate payments deemed "inconsistent" with pay rules required by Congress last year or any payments "contrary to the public interest."

Government officials said it isn't clear exactly what type of pay might fit in that category. Many companies, including Goldman Sachs, J.P. Morgan and Morgan Stanley, have repaid their government funds, often at a profit to the U.S. taxpayer, a move that could be seen as being in the public interest, one government official said.

Large payments, particularly cash not tied to company performance, are likely to draw scrutiny. Mr. Feinberg has sought to limit cash payments at the institutions he oversees, requiring that employees get the bulk of their compensation in restricted stock tied to long-term performance. In several cases, he has renegotiated cash payments, such as bonuses he viewed as too large.

The review, which is expected to be completed by late spring, is primarily aimed at larger banks. Mr. Feinberg's letter will instruct companies to submit data for any of those top 25 officials whose annual compensation totals more than $500,000. Mr. Feinberg also is expected to issue his 2010 pay determinations today for the institutions he primarily oversees, including AIG and GM.

The review will look at the relatively short window during which institutions received TARP funds but weren't subject to executive-compensation restrictions mandated by Congress as part of the February 2009 stimulus law. Many institutions, including the biggest banks, received taxpayer money in late October 2008. In effect, that period was the only time TARP wasn't accompanied by pay restrictions.

United Press International

Pay czar Kenneth Feinberg is preparing to exercise his title's mandate.

During the period under review, many banks lowered pay for top executives. In 2008, Goldman Sachs didn't pay its top employees a bonus, and the pay of its chief executive, Lloyd Blankfein, fell in 2008 to $1.1 million from $70 million the previous year. Morgan Stanley's John Mack took no bonus in 2007, 2008 and 2009, leaving his pay far below the $37 million he earned in 2006. Most of that award was in restricted stock.

John Mack

Another executive at a TARP recipient, **Wells Fargo** & Co. Chairman, President and CEO John Stumpf, collected $9 million in pay for his work as president and CEO in 2008, about 39% less than the $14 million he collected in 2007 and less than half the $21 million he received in 2009.

In a report filed last year, New York Attorney General Andrew Cuomo found that 1,600 employees at J.P. Morgan garnered more than $1 million in bonuses, compared with 953 workers at Goldman Sachs, and 428 at Morgan Stanley. Mr. Cuomo's report showed that compensation stayed relatively high at major banks even in periods when the banks were posting losses. Mr. Cuomo is collecting pay data for 2009 as well.

Mr. Feinberg "could push for renegotiation, but he has no legal basis to do so," said one Wall Street official, who still worried that Mr. Feinberg could pick out individual pay contracts and publicly criticize them unless the companies involved agree to lower the pay retroactively.

Others were surprised that Mr. Feinberg is looking anew at firms that paid back their TARP funds nearly a year ago. Mr. Feinberg's relationship with Wall Street is complicated. Some top executives who have met with him compliment his straightforward approach, but his mandate is to police an area that most financial executives view as the last place they would like to see the government intervene.

Mr. Feinberg's mandate of looking after taxpayer's investments in various banks is strongest at companies that accepted government money more than once or that have been kept on taxpayer life support for months. Other firms like Goldman Sachs accepted the government investment, but were able to repay it quickly after getting private investments to boost capital.

Buyout shops cry foul at set of investor principles

By Peter Lattman

DEALS & DEAL MAKERS

The gloves are finally coming off.

Having played nice for years, private-equity firms and their investors—pension funds, endowments and foundations—are exchanging punches over the terms and fees paid to buyout shops.

The sparring has begun over what seems to be an obscure set of principles issued by a trade group of private-equity investors, known as limited partners.

In a 17-page document, the group, the Institutional Limited Partners Association, calls for big changes. The principles, which call for suggested caps on fees, increased disclosure and greater investor oversight, have rankled some buyout executives. Some have complained that the investors are illegally conspiring against them. ILPA denies it.

The investor group has outsize influence, with 215 members controlling more than $1 trillion in private-equity assets. The principles are a rare show of strength among limited partners, who have historically caved to demands of private-equity firms. Though the terms aren't binding, ILPA hopes the "wish list" of fund terms will level the playing field.

Because ILPA's members include the world's largest and influential investors such as the **California Public Employees' Retirement System** and **Teacher Retirement System of Texas**, no one is complaining out loud. But at least three large private-equity firms have retained outside counsel to examine potential antitrust issues. A spokeswoman for law firm Boies, Schiller & Flexner LLP said a large private-equity client has hired it to examine the issue.

The firms' lawyers are concerned over specific conduct of several prominent ILPA members. The nation's two largest pension funds—the **California State Teachers' Retirement System** and Calpers—have held discussions with each other about whether to insist that private-equity firms agree to the principles, according to people familiar with the talks. Texas Teachers has told at least one firm that the principles were non-negotiable and had to be accepted, according to people familiar with the situation.

Lawyers for private-equity firms also point to a public remark made by Calpers spokesman Clark McKinley in trade publication Pension & Investments. "We are collaborating with other investors in an effort to get better alignment with private-equity partners, including more favorable fees. This requires more than a unilateral action by any one investor," Mr. McKinley said.

"If that were on a law-school exam, you'd expect a student to say that this kind of collective action raises a considerable antitrust concern," said Edward Rock, an antitrust law professor at the University of Pennsylvania. "When customers get together and say we can't get them to lower their prices unilaterally but can only do it collectively, that looks a lot like price fixing."

Though price-fixing accusations more typically involve collusion among sellers, federal courts have consistently ruled that buyer cartels also are illegal. In a seminal 1948 case, the Supreme Court ruled that an agreement between California farmers to pay a uniform price for sugar beets violated the federal antitrust laws.

Kathy Jeramaz-Larson, executive director of the Toronto-based ILPA, says the organization's lawyers have vetted the principles and there are no antitrust issues. She points out that there aren't any specific terms in any of the documentation.

"This is an educational document and an effort by the [investor] community to set forth best practices," Ms. Jeramaz-Larson said.

Mr. McKinley, the Calpers spokesman, declined to comment on its discussions with Calstrs but said "the ILPA principles are indeed a collaborative effort."

A spokesman for Calstrs said the pension fund "supports the ILPA's principles and they are just that, principles."

A spokesman for Texas Teachers said it "has no agreement with any other investor regarding the use of the ILPA principles."

One of the more contentious issues relates to fees. The principles state that management fees "should cover normal operating costs for the firm and its principals and should not be excessive."

Also, the principles suggest that all additional fees charged—such as so-called deal fees that firms pay themselves for completing a transaction—should accrue solely to the investors rather than split between the investors and the private-equity firm.

As private-equity firms raised record-large funds during the buyout boom, management fees—typically 2% of assets—became huge sources of income for some firms.

"The firms shouldn't use management fees as profit centers," Ms. Jeramaz-Larson said. "We want them to make their money off of the carry," a reference to the 20% of a fund's profits that private-equity firms normally charge.

Some changes already are afoot. **Blackstone Group** LP has cut it fees on a new fund planning to invest in infrastructure deals, reducing the carried interest—the percentage of profits paid out to the firm—to 10% from 15%.

Goldman Sachs Group Inc. made a similar move with its latest infrastructure fund, reducing the so-called carry from 20% to 10%.

'Junk' borrowers face refinance risk

By Ditas Lopez

SINGAPORE—A large number of U.S.-dollar bonds from junk-grade Asian companies will mature in the next few years and could be a challenge to refinance, Moody's Investors Service said.

Booming financial markets before the global financial crisis hit hard in 2008 enabled many lower-grade issuers from Asia to tap the offshore market. While global credit markets have rebounded smartly from their nadir early last year, conditions remain less benign than before the crisis hit.

BOND MARKETS

Moody's estimates the subinvestment-grade companies that it rates from Asia excluding Japan and Australia will need to refinance $12 billion over the next three years. About 73% of that amount falls due in 2011 and 2012. "The amount needing refinancing in these two years will be higher than the historical average, indicating that this will be a challenging issue after 2010," Moody's said in a report.

Within the region, corporate refinancing needs will be largest in Hong Kong, China and Indonesia, it said. By sector, the risk is concentrated in property development and technology.

The refinancing risk is greatest among single-B rated issuers in 2012 when 10 issuers have bonds that will fall due compared to four issuers from the Ba ratings category.

"As single-B entities are typically characterized as having limited financial flexibility and sources of alternative funding, this concentration of risk is concerning," the ratings firm said.

While some issuers are expected to refinance their debt before it matures, their access to capital markets is highly dependent on market liquidity and investor confidence.

Among Asian speculative-grade companies with the highest amount of bonds maturing through 2012 are **Hynix Semiconductor** Inc., with $1.531 billion; **Tata Motors** Ltd., with $1.101 billion; and **Bumi Resources** Tbk, with $776 million.

Japanese bonds

Yields on Japanese government bonds fell as investors favored safe-haven assets in the face of declining Tokyo shares. But dealers said the move is likely to be short-lived due to growing optimism about the strength of the nation's economic recovery.

Although Japanese investors remain eager to buy bonds due to accommodative financial conditions, overseas investors are likely to sell them on the back of recent data showing the country's economy is steadily recovering, traders said.

The benchmark 10-year yield shed 0.01 percentage point to 1.35%.

—*Tomoyuki Tachikawa*

Short-term Treasurys pare gains

By Min Zeng

NEW YORK—Prices of shorter-dated Treasurys trimmed gains Tuesday after a weaker-than-expected sale of $44 billion in two-year notes and as speculation eased on whether the Federal Reserve would raise interest rates.

The market pared gains after the first leg of this week's $118 billion supply in government notes.

U.S. CREDIT MARKETS

The two-year notes came in at a 1.000% yield, above the 0.991% yield on the when-issued notes just before the sale, meaning the government had to pay up to find the notes a home. The auction was three times oversubscribed with a bid to cover of 3.00, below the 3.33 at the February sale and also under the 3.13 four-auction average.

The 30-year note, the best-performing security last week, was the biggest loser Tuesday following the debt sale.

In afternoon trading, the two-year note was up 1/32, yielding 0.965%, the five-year note was up 2/32 to yield 2.399% and the 10-year note was off 1/32 to yield 3.663%. The 30-year bond was down 10/32 to yield 4.589%. Bond prices move inversely to yields.

Short-dated Treasurys, whose yields are sensitive to changes in the official rate outlook, have recovered from last week's losses that were brought on by speculation the Fed would raise the federal-funds target rate before the end of the year.

Wagers on higher interest rates have been hurt over the past few months as the central bank continues to hold the rate in the range of zero-0.25% and has signaled it will keep it there for an extended period of time.

Such rate-increase bets have pushed many investors to sell two-year notes and to buy 10-year and 30-year bonds recently. But with the wagers on the higher-rate outlook fading a bit this week, those investors unwound some positions by buying back the two-year notes while selling long-dated maturities.

FUND SCORECARD

Hong Kong Equity

funds invest primarily in the equities of Hong Kong companies. funds invest at least 75% of total assets in equities, and invest at least 75% of equity assets in Hong Kong equities. Ranked on % total return (dividends reinvested) in U.S. dollars for one year ending March 23, 2010

Leading 10 Performers

FUND RATING *	FUND NAME	FUND MGM'T CO.	CURR.	LEGAL BASE	% Return in $US ** YTD	1-YR	2-YR	5-YR
3	**EK Hong Kong China**	EK Investment Mgmt Ltd	USD	Cayman Isl	**6.05**	138.41	13.00	8.68
1	**Hang Seng Index Leveraged 150 A**	Hang Seng Investment Management Ltd	HKD	Cayman Isl	**-7.37**	104.49	-4.05	10.64
4	**First State Hong Kong Growth III**	First State Investments (Hong Kong) Ltd	USD	Ireland	**4.52**	88.03	10.79	17.76
4	**Schroder ISF Hong Kong Eq A**	Schroder Investment Mgmt (Luxembourg)	HKD	Luxembrg	**0.78**	85.79	5.55	17.32
4	**Hang Seng HK MidCap Idx A Acc**	Hang Seng Investment Management Ltd	HKD	Cayman Isl	**1.96**	84.74	8.67	17.78
4	**Sun Life First State MPF Hong Kong Eq A**	Sun Life Hong Kong Limited	HKD	Hong Kong	**4.29**	83.46	10.15	16.22
3	**Aberdeen SP China Opps SGD**	Aberdeen Asset Management Asia Limited	SGD	Singapore	**2.16**	78.34	2.18	12.49
4	**Allianz GIC – RCM Hong Kong C**	RCM Asia Pacific Limited	HKD	Hong Kong	**-1.07**	76.69	7.83	17.78
4	**Principal 800 HK Equity**	Principal Asset Management Co (Asia) Ltd	HKD	Hong Kong	**-0.43**	74.48	5.81	NS
4	**Fidelity RMT-HK Eq**	FIL Investment Management(HK)Ltd	HKD	Hong Kong	**-2.82**	71.93	7.46	14.64

NOTE: Changes in currency rates will affect performance and rankings.
KEY: ** 2YR and 5YR performance is annualized
NA-not available due to incomplete data;
NS-fund not in existence for entire period

Source: Morningstar, Ltd
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FUND NAME	GF	AT	LB	NAV DATE	CR	NAV	—%RETURN— YTD	12-MO	2-YR
AHW CAPITAL MANAGEMENT									
Tel (+49) 1805 - 23 82 82									
www.ahw-capital.com									
AHW Top-Div.Int.	GL	EQ	LUX	03/22	EUR	52.56	-3.3	49.2	-18.5
ALLIANCE BERNSTEIN									
www.alliancebernstein.com/investments Tel. +800 2263 8637									
Am Eq Blend A	OT	OT	LUX	03/22	USD	10.83	4.4	52.8	-7.3
Am Eq Blend B	US	EQ	LUX	03/22	USD	10.16	4.2	51.4	-8.1
Am Growth A	US	EQ	LUX	03/22	USD	31.85	2.0	50.1	3.0
Am Growth AX	US	EQ	LUX	03/22	USD	34.43	2.1	50.9	3.6
Am Growth B	US	EQ	LUX	03/22	USD	26.72	1.8	48.5	1.9
Am Growth C	US	EQ	LUX	03/22	USD	28.79	1.9	49.4	2.5
Am Growth I	US	EQ	LUX	03/22	USD	35.36	2.1	51.2	3.8
Am Income A	US	BD	LUX	03/22	USD	8.59	2.9	30.1	7.3
Am Income A2	US	BD	LUX	03/22	USD	19.65	3.2	30.0	7.2
Am Income A2	OT	OT	NA	03/22	HKD	152.51	3.2	30.0	7.2
Am Income AT	OT	OT	NA	03/22	HKD	66.75	3.2	30.0	7.3
Am Income AT	US	BD	LUX	03/22	USD	8.60	3.2	30.0	7.3
Am Income B	US	BD	LUX	03/22	USD	8.59	2.8	29.1	6.4
Am Income B2	US	BD	LUX	03/22	USD	16.91	3.0	29.0	6.5
Am Income B2	OT	OT	NA	03/22	HKD	131.24	3.0	29.0	6.5
Am Income BT	OT	OT	NA	03/22	HKD	67.06	3.0	29.1	6.5
Am Income BT	US	BD	LUX	03/22	USD	8.64	3.0	29.1	6.5
Am Income C	US	BD	LUX	03/22	USD	8.59	2.8	29.4	6.7
Am Income C2	US	BD	LUX	03/22	USD	25.16	3.1	29.4	6.7
Am Income I	US	BD	LUX	03/22	USD	8.59	3.0	30.8	7.9
Am Value A	US	EQ	LUX	03/22	USD	8.91	4.5	39.7	-6.2
Am Value B	US	EQ	LUX	03/22	USD	8.18	4.2	38.2	-7.2
Am Value C	US	EQ	LUX	03/22	USD	8.90	4.3	39.1	-6.6
Am Value I	US	EQ	LUX	03/22	USD	9.60	4.6	40.6	-5.5
Emg Mkts Debt A	GL	BD	LUX	03/22	USD	16.01	4.0	45.1	10.0
Emg Mkts Debt A2	GL	BD	LUX	03/22	USD	20.98	4.3	45.0	10.0
Emg Mkts Debt AT	GL	BD	LUX	03/22	USD	16.11	4.4	45.1	10.1
Emg Mkts Debt B	GL	BD	LUX	03/22	USD	16.01	3.9	43.8	8.9
Emg Mkts Debt B2	GL	BD	LUX	03/22	USD	20.17	4.2	43.6	9.0
Emg Mkts Debt BT	GL	BD	LUX	03/22	USD	16.08	4.2	43.5	8.9
Emg Mkts Debt C	GL	BD	LUX	03/22	USD	16.01	3.9	44.5	9.5
Emg Mkts Debt C2	GL	BD	LUX	03/22	USD	20.60	4.3	44.4	9.5
Emg Mkts Debt I	GL	BD	LUX	03/22	USD	16.01	4.1	45.8	10.6
Emg Mkts Growth A	GL	EQ	LUX	03/22	USD	34.43	-0.6	76.4	-6.7
Emg Mkts Growth B	GL	EQ	LUX	03/22	USD	29.12	-0.9	74.7	-7.7
Emg Mkts Growth C	GL	EQ	LUX	03/22	USD	29.82	-0.7	75.7	-7.1
Emg Mkts Growth I	GL	EQ	LUX	03/22	USD	38.24	-0.4	77.9	-6.0
Eur Growth A	OT	OT	LUX	03/22	EUR	9.89	3.8	46.3	-7.8
Eur Growth A	OT	OT	LUX	03/22	EUR	7.30	3.8	46.3	-7.8
Eur Growth B	OT	OT	LUX	03/22	EUR	6.55	3.6	44.9	-8.7
Eur Growth B	OT	OT	LUX	03/22	USD	8.88	3.6	44.9	-8.7
Eur Growth C	EU	EQ	LUX	03/22	EUR	5.52	3.6	45.6	-8.3
Eur Growth I	OT	OT	LUX	03/22	USD	10.80	3.9	47.6	-7.1
Eur Growth I	OT	OT	LUX	03/22	EUR	7.97	3.9	47.6	-7.1
Eur Income A	OT	OT	LUX	03/22	EUR	6.82	4.3	56.8	8.8
Eur Income A	OT	OT	LUX	03/22	USD	9.24	4.3	56.8	8.8
Eur Income A2	OT	OT	LUX	03/22	EUR	13.48	4.7	56.7	8.7
Eur Income A2	OT	OT	LUX	03/22	USD	18.27	4.7	56.7	8.7
Eur Income AT	EU	BD	LUX	03/22	EUR	6.83	4.8	56.7	8.8
Eur Income B	OT	OT	LUX	03/22	EUR	6.82	4.2	55.9	8.0
Eur Income B	OT	OT	LUX	03/22	USD	9.24	4.2	55.9	8.0
Eur Income B2	OT	OT	LUX	03/22	EUR	12.52	4.6	55.5	8.0
Eur Income B2	OT	OT	LUX	03/22	USD	16.97	4.6	55.5	8.0
Eur Income BT	EU	BD	LUX	03/22	EUR	6.83	4.5	55.5	8.0
Eur Income C	OT	OT	LUX	03/22	EUR	6.82	4.3	56.2	8.3
Eur Income C	OT	OT	LUX	03/22	USD	9.24	4.3	56.2	8.3
Eur Income C2	OT	OT	LUX	03/22	EUR	13.43	4.7	56.0	8.3
Eur Income C2	OT	OT	LUX	03/22	USD	18.20	4.7	56.0	8.3
Eur Income I	OT	OT	LUX	03/22	EUR	6.82	4.4	57.5	9.3
Eur Income I	OT	OT	LUX	03/22	USD	9.24	4.4	57.5	9.3
Eur Strat Value A	OT	OT	LUX	03/22	EUR	8.69	1.9	49.1	-13.1
Eur Strat Value A	OT	OT	LUX	03/22	USD	11.78	1.9	49.1	-13.1
Eur Strat Value I	OT	OT	LUX	03/22	EUR	8.91	1.9	50.3	-12.4
Eur Strat Value I	OT	OT	LUX	03/22	USD	12.08	1.9	50.3	-12.4
Eur Value A	OT	OT	LUX	03/22	EUR	9.35	1.6	52.3	-9.2
Eur Value A	OT	OT	LUX	03/22	USD	12.67	1.6	52.3	-9.2
Eur Value B	OT	OT	LUX	03/22	USD	11.64	1.5	51.0	-10.0
Eur Value B	OT	OT	LUX	03/22	EUR	8.59	1.5	51.0	-10.0
Eur Value C	OT	OT	LUX	03/22	USD	12.24	1.6	51.5	-9.6
Eur Value C	OT	OT	LUX	03/22	EUR	9.03	1.6	51.5	-9.6
Eur Value I	OT	OT	LUX	03/22	USD	14.67	1.9	53.5	-8.4
Eur Value I	OT	OT	LUX	03/22	EUR	10.82	1.9	53.5	-8.4
Gl Balanced (Euro) A	OT	OT	LUX	03/22	USD	16.06	3.3	36.4	-5.3
Gl Balanced (Euro) B	OT	OT	LUX	03/22	USD	15.61	3.1	35.1	-6.2
Gl Balanced (Euro) C	OT	OT	LUX	03/22	USD	15.93	3.3	36.0	-5.5
Gl Balanced (Euro) I	OT	OT	LUX	03/22	USD	16.37	3.4	NS	NS
Gl Balanced A	US	BA	LUX	03/22	USD	16.70	1.3	37.4	-6.4
Gl Balanced B	US	BA	LUX	03/22	USD	15.84	1.1	36.0	-7.4
Gl Balanced C	OT	OT	LUX	03/22	USD	16.44	1.2	37.0	-6.7
Gl Balanced C	OT	OT	LUX	03/22	EUR	12.13	1.2	37.0	-6.7
Gl Balanced I	US	BA	LUX	03/22	USD	17.35	1.5	38.4	-5.7
Gl Bond A	US	BD	LUX	03/22	USD	9.41	2.5	17.9	5.2
Gl Bond A2	US	BD	LUX	03/22	USD	16.45	2.7	17.9	5.1
Gl Bond A2	OT	OT	NA	03/22	HKD	127.67	2.7	17.9	5.1
Gl Bond AT	OT	OT	LUX	03/22	HKD	73.03	2.7	17.9	5.1
Gl Bond AT	US	BD	LUX	03/22	USD	9.41	2.7	17.9	5.1
Gl Bond B	US	BD	LUX	03/22	USD	9.41	2.4	16.8	4.2
Gl Bond B2	US	BD	LUX	03/22	USD	14.37	2.5	16.7	4.1
Gl Bond B2	OT	OT	NA	03/22	HKD	111.53	2.5	16.7	4.1
Gl Bond BT	OT	OT	LUX	03/22	HKD	73.34	2.6	16.7	4.1
Gl Bond BT	US	BD	LUX	03/22	USD	9.45	2.6	16.7	4.1
Gl Bond C	US	BD	LUX	03/22	USD	9.41	2.4	17.4	4.7
Gl Bond C2	US	BD	LUX	03/22	USD	14.26	2.7	17.4	4.7
Gl Bond I	US	BD	LUX	03/22	USD	9.41	2.6	18.5	5.8
Gl Conservative A	US	BA	LUX	03/22	USD	15.02	1.5	23.5	-1.5
Gl Conservative A2	US	BA	LUX	03/22	USD	17.19	1.5	23.6	-1.5
Gl Conservative B	US	BA	LUX	03/22	USD	15.02	1.3	22.3	-2.5
Gl Conservative B2	US	BA	LUX	03/22	USD	16.29	1.2	22.3	-2.5
Gl Conservative C	US	BA	LUX	03/22	USD	15.01	1.4	22.9	-2.0
Gl Conservative C2	US	BA	LUX	03/22	USD	16.79	1.4	22.9	-2.0
Gl Conservative I	US	BA	LUX	03/22	USD	15.10	1.7	24.6	-0.7
Gl Eq Blend A	GL	EQ	LUX	03/22	USD	11.70	0.3	50.8	-15.0
Gl Eq Blend B	GL	EQ	LUX	03/22	USD	10.95	0.0	49.2	-15.9
Gl Eq Blend C	GL	EQ	LUX	03/22	USD	11.48	0.2	50.1	-15.4
Gl Eq Blend I	GL	EQ	LUX	03/22	USD	12.36	0.5	52.0	-14.4
Gl Growth A	GL	EQ	LUX	03/22	USD	42.24	0.8	47.4	-15.0
Gl Growth B	GL	EQ	LUX	03/22	USD	35.19	0.6	46.0	-15.9
Gl Growth C	GL	EQ	LUX	03/22	USD	40.50	0.7	46.8	-15.4
Gl Growth I	GL	EQ	LUX	03/22	USD	46.99	1.0	48.7	-14.4
Gl High Yield A	US	BD	LUX	03/22	USD	4.47	4.6	66.5	8.9
Gl High Yield A2	US	BD	LUX	03/22	USD	9.74	5.2	66.2	8.9
Gl High Yield A2	OT	OT	NA	03/22	HKD	75.59	5.2	66.2	8.9
Gl High Yield AT	OT	OT	NA	03/22	HKD	34.46	5.1	65.9	8.9
Gl High Yield AT	US	BD	LUX	03/22	USD	4.44	5.1	65.9	8.9
Gl High Yield B	US	BD	LUX	03/22	USD	4.47	4.4	64.5	7.6
Gl High Yield B2	US	BD	LUX	03/22	USD	15.62	5.0	64.6	7.8
Gl High Yield B2	OT	OT	NA	03/22	HKD	121.23	5.0	64.6	7.8
Gl High Yield BT	OT	OT	NA	03/22	HKD	35.08	4.9	64.6	7.8
Gl High Yield BT	US	BD	LUX	03/22	USD	4.52	4.9	64.6	7.8
Gl High Yield C	US	BD	LUX	03/22	USD	4.47	4.5	65.6	8.3
Gl High Yield C2	US	BD	LUX	03/22	USD	14.42	5.1	65.6	8.4
Gl High Yield I	US	BD	LUX	03/22	USD	4.47	4.7	67.6	9.6
Gl Thematic Res. A	OT	OT	LUX	03/22	USD	14.98	1.7	74.6	2.2
Gl Thematic Res. B	OT	OT	LUX	03/22	USD	13.08	1.5	72.8	1.2
Gl Thematic Res. I	OT	OT	LUX	03/22	USD	16.73	1.8	75.9	3.0
Gl Value A	GL	EQ	LUX	03/22	USD	11.12	-0.2	54.4	-15.0
Gl Value B	GL	EQ	LUX	03/22	USD	10.20	-0.4	53.2	-15.8
Gl Value C	GL	EQ	LUX	03/22	USD	10.80	-0.3	53.8	-15.4
Gl Value I	GL	EQ	LUX	03/22	USD	11.85	0.0	55.9	-14.3
Greater China A	AS	EQ	LUX	03/22	USD	39.13	-2.2	59.6	-4.1
Greater China B	AS	EQ	LUX	03/22	USD	34.55	-2.5	58.1	-5.1
Greater China C	AS	EQ	LUX	03/22	USD	38.60	-2.3	58.9	-4.6
India Growth A	OT	OT	LUX	03/22	USD	131.03	3.2	NS	NS
India Growth AX	OT	OT	LUX	03/22	USD	114.61	3.3	117.2	2.9
India Growth B	OT	OT	LUX	03/22	USD	136.96	3.0	NS	NS
India Growth BX	OT	OT	LUX	03/22	USD	97.75	3.1	115.0	1.9
India Growth I	EA	EQ	LUX	03/22	USD	118.90	3.4	118.2	3.3
Int'l Health Care A	OT	EQ	LUX	03/22	USD	145.96	6.2	39.8	-0.3
Int'l Health Care B	OT	EQ	LUX	03/22	USD	122.84	5.9	38.4	-1.3
Int'l Health Care C	OT	EQ	LUX	03/22	USD	139.75	6.1	39.1	-0.8
Int'l Health Care I	OT	EQ	LUX	03/22	USD	159.76	6.4	40.9	0.5
Int'l Technology A	OT	EQ	LUX	03/22	USD	111.98	1.5	60.6	-1.7
Int'l Technology B	OT	EQ	LUX	03/22	USD	96.81	1.2	59.0	-2.7
Int'l Technology C	OT	EQ	LUX	03/22	USD	108.11	1.4	59.9	-2.1
Int'l Technology I	OT	EQ	LUX	03/22	USD	125.78	1.6	61.9	-0.9
Japan Eq Blend A	JP	EQ	LUX	03/22	JPY	6198.00	2.9	36.8	-12.2
Japan Eq Blend B	JP	EQ	LUX	03/22	JPY	5967.00	2.6	35.4	-13.1
Japan Eq Blend C	JP	EQ	LUX	03/22	JPY	6092.00	2.8	36.2	-12.6
Japan Growth A	JP	EQ	LUX	03/22	JPY	5854.00	-0.3	24.9	-14.4
Japan Growth B	JP	EQ	LUX	03/22	JPY	5636.00	-0.6	23.7	-15.2
Japan Growth C	JP	EQ	LUX	03/22	JPY	5755.00	-0.4	24.4	-14.8
Japan Strat Value A	JP	EQ	LUX	03/22	JPY	6489.00	6.0	48.5	-10.5
Japan Strat Value B	JP	EQ	LUX	03/22	JPY	6254.00	5.8	47.0	-11.3
Japan Strat Value C	JP	EQ	LUX	03/22	JPY	6374.00	5.9	47.8	-10.9
Real Estate Sec. A	OT	EQ	LUX	03/22	USD	14.84	3.4	83.4	-9.6
Real Estate Sec. B	OT	EQ	LUX	03/22	USD	13.54	3.2	81.5	-10.5
Real Estate Sec. I	OT	EQ	LUX	03/22	USD	15.98	3.6	85.0	-8.8
Short Mat Dollar A	US	BD	LUX	03/22	USD	7.33	1.4	16.7	-0.9
Short Mat Dollar A2	US	BD	LUX	03/22	USD	9.95	1.6	16.5	-0.9
Short Mat Dollar AT	US	BD	LUX	03/22	USD	7.33	1.7	16.7	-0.9
Short Mat Dollar B	US	BD	LUX	03/22	USD	7.33	1.4	16.2	-1.3
Short Mat Dollar B2	US	BD	LUX	03/22	USD	9.89	1.5	15.9	-1.4
Short Mat Dollar BT	OT	OT	LUX	03/22	USD	7.34	1.5	NS	-1.7
Short Mat Dollar C	US	BD	LUX	03/22	USD	7.33	1.4	16.2	-1.3
Short Mat Dollar C2	US	BD	LUX	03/22	USD	13.99	1.6	16.0	-1.4
Short Mat Dollar I	US	BD	LUX	03/22	USD	7.33	1.5	17.3	-0.3

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FUND NAME	GF	AT	LB	NAV DATE	CR	NAV	—%RETURN— YTD	12-MO	2-YR
ALEXANDRA INVESTMENT MANAGEMENT									
Tel: +1 212 301 1800 Fax: +1 212 301 1810									
Alexandra Convertible Bond Fund I, Ltd. (Class A)	OT	OT	VGB	01/29	USD	1778.08	5.1	80.4	NS
CREDIT PACIFIC ASSET MANAGMENT									
www.creditpacific.com									
CPS-Master Priv Fund	GL	OT	WSM	03/18	USD	103.68	3.7	25.7	21.3
PLATINUM CAPITAL MANAGEMENT									
Tel: +44 207 024 9840, www.platinumfunds.net									
Platinm-All Star	OT	OT	CYM	12/31	USD	97.22	15.7	15.7	-12.2
Platinm-All Weather	OT	OT	USA	10/31	USD	129.92	2.4	3.2	3.8
Platinm-Dynasty	OT	OT	USA	12/31	USD	116.00	12.9	12.9	-29.1
Platinm-Emancipation	OT	OT	USA	01/29	USD	94.67	1.7	28.8	-5.0
Platinm-Equity Plus	OT	OT	USA	05/29	USD	35.02	-18.2	-63.7	-45.6
Platinm-Gbl Dividend	OT	OT	CYM	12/31	USD	62.80	37.2	37.2	-26.9
Platinm-Nordic	OT	OT	CYM	01/29	SEK	627.50	1.6	14.6	-12.4
Platinm-Premier	OT	OT	CYM	12/31	USD	21.20	-55.9	-66.0	-44.3
Platinm-Turnberry	OT	OT	USA	01/29	USD	60.80	1.2	NS	-27.0
SUPERFUND ASSET MANAGEMENT GMBH									
For info about open funds, contact info@superfund.com and www.superfund.com									
**Closed for New Investments*									
Superfund Cayman*	OT	OT	CYM	03/16	USD	40.38	-1.0	-53.7	-18.7
Superfund GCT USD*	GL	EQ	LUX	03/16	USD	2161.00	-1.5	-42.4	-14.4
Superfund Green Gold A (SPC)	OT	OT	CYM	03/16	USD	973.86	1.0	-18.3	-9.1
Superfund Green Gold B (SPC)	OT	OT	CYM	03/16	USD	939.62	0.4	-32.8	-16.0
Superfund Q-AG*	OT	OT	AUT	03/16	EUR	6664.00	0.7	-23.9	-5.4
WINTON CAPITAL MANAGEMENT LTD									
Tel: +44 (0)20 7610 5350 Fax: +44 (0)20 7610 5301									
Winton Evolution EUR Cls H	OT	OT	CYM	02/26	EUR	948.03	0.3	-6.0	NS
Winton Evolution GBP Cls G	OT	OT	CYM	02/26	GBP	955.79	0.7	-5.2	NS
Winton Evolution USD Cls F	OT	OT	CYM	02/26	USD	1203.51	0.4	-5.9	-0.4
Winton Futures EUR Cls C	OT	OT	VGB	02/26	EUR	196.04	-0.4	-5.7	1.6
Winton Futures GBP Cls D	OT	OT	VGB	02/26	GBP	212.20	-0.3	-5.3	2.4
Winton Futures JPY Cls E	OT	OT	VGB	02/26	JPY	13835.61	-0.4	-6.5	-0.6
Winton Futures USD Cls B	OT	OT	VGB	02/26	USD	696.79	-0.4	-5.7	1.3
ALLIANZ GLOBAL INVESTORS KAPITALANLAGEGESELLSCHAFT									
Concentra AE	EU	EQ	DEU	03/22	EUR	51.95	0.3	57.6	-0.9
Industria AE	EU	EQ	DEU	03/22	EUR	71.68	1.3	46.6	-7.5
InternRent AE	EU	BD	DEU	03/22	EUR	37.70	7.0	10.1	11.3
CHARTERED ASSET MANAGEMENT PTE LTD - TEL NO: 65-6835-8866									
Fax No: 65-6835 8865, Website: www.cam.com.sg, Email: cam@cam.com.sg									
CAM-GTF Limited	AS	EQ	MUS	03/11	USD	307009.86	11.8	161.9	15.6

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THE INTERNATIONAL INVESTOR

Caterpillar, GE climb, Google falls

By Donna Kardos Yesalavich And Kristina Peterson

NEW YORK—U.S. stocks edged higher, led by industrial plays, following a better-than-expected home resale data.

The Dow Jones Industrial Average was up 53.66 points, or 0.5%, at 10839.55 in early afternoon trade. The measure reached a fresh 17-month intraday high as some of its most economically sensitive components got a boost from the existing-home sales data. **Caterpillar** jumped 3.8%, while **General Electric** climbed 1.6%.

ABREAST OF THE MARKET

The Nasdaq Composite advanced 0.3% to 2402.01. The Standard & Poor's 500-stock index edged up 0.3% to 1169.09, with the industrial and materials sectors leading gains.

Health-care stocks eased as the sector corrected a bit from its Monday surge on the late Sunday passage of historic health-care reform by the House of Representatives. Tuesday, President Barack Obama signed the $940 billion overhaul bill into law.

Google shed 2% after the company decided to redirect visitors from its mainland China site to uncensored versions of the site in Hong Kong. American depositary shares of Chinese rival **Baidu.com** rose 3.8%.

KB Home lost 3.7% as the home builder's fiscal first-quarter loss was worse than analysts had expected.

European stocks

Shares rose, helped by a spate of earnings-related gains.

The Stoxx Europe 600 index gained 0.8% to 262.22, its first gain in four sessions.

Among major national indexes, the U.K. FTSE 100 index added 0.5% to 5673.63, the German DAX index climbed 0.5% to 6017.27 and the French CAC-40 index rose 0.6% to 3952.55.

Meanwhile, the Greek ASE Composite Index rose 1.8% to 2047.03 as euro-zone governments continued jousting over any aid for the heavily indebted nation. A deal is far from certain ahead of a key European Union summit later this week.

Greek lottery operator **Opap** jumped 8.7% in Athens as its fourth-quarter earnings were better than analysts had expected.

Insurance and investments group **Legal & General** jumped 4.7% in London as it returned to profitability and said it expects its core U.K. insurance markets to recover further this year from still-depressed levels in 2009.

But **Volkswagen** preferred shares slid 6.1% after it said it will issue up to 65 million new preferred shares to boost its balance sheet ahead of its proposed merger with **Porsche Automobil Holding**.

Euro declines despite boost from stocks

By Don Curren

The euro slid, although it recovered some of its losses as a rising U.S. stock market encouraged investors to shrug off concern about Greece's sovereign-debt crisis.

The shared currency dropped as low as $1.3475 before rebounding.

"It almost seems to me like a carbon copy of yesterday," said Steve Butler, director of foreign exchange at Scotia Capital in Toronto.

The Dow Jones Industrial Average rose after news that sales of existing homes fell less than expected in February, spurring hope for a turnaround in the spring.

CURRENCY MARKETS

Early Tuesday afternoon in New York, the euro was at $1.3516 from $1.3552 late Monday. The dollar was at 90.27 yen from 90.16 yen and at 1.0568 Swiss francs from 1.0585 francs. The pound was at $1.5054 from $1.5096.

The euro hit a record low against the Swiss franc at 1.4282 francs. The collapse in the euro against the Swiss franc has met with no official resistance by the Swiss National Bank, despite SNB President Philipp Hildebrand's reminder Tuesday that the central bank has "huge" scope to push the currency down.

The pound, meanwhile, came under pressure ahead of Wednesday's U.K. budget statement.

—Katie Martin and Nick Hastings contributed to this article.

Japanese exporters slide as yen gains versus euro

By Shri Navaratnam And Wei-Zhe Tan

Japanese exporters lost ground Tuesday as the yen strengthened against the euro.

Other Asian markets ended mostly higher, with energy stocks helped by an overnight rebound on Wall Street and a rise in oil prices.

Japan's Nikkei Stock Average of 225 companies edged 0.5% lower to 10774.15. Companies exposed to Europe were particularly hurt. **Mazda Motor** shed 1.6%, and **Nikon** lost 1.9%.

ASIAN-PACIFIC STOCKS

"Concerns about Greece's debt problems are persistent, and exporters with relatively high presence in Europe are underperforming," said Yutaka Miura, senior technical analyst at Mizuho Securities.

But **Toshiba** rose 3.6% with strong trading volume on news that the company and Microsoft Chairman Bill Gates will jointly lead an effort to develop a next-generation nuclear reactor that can operate for up to 100 years without refueling.

Overnight, U.S. stocks rose after passage of health-care legislation.

"Asian equity markets were unduly concerned about the U.S. health-care bill yesterday," said BBY senior institutional trader Peter Copeland in Sydney. "There was some concern that the U.S. market would take a dim view of the reforms, but the reverse happened, so we have just unwound yesterday's fall."

Energy shares gained after the price of crude oil rose back above $81 a barrel on the New York Mercantile Exchange. **Woodside Petroleum** rose 1.5% and **Santos** climbed 1.2% in Sydney, while **PTT Exploration** rose 1.7% and **PTT Aromatics & Refining** jumped 7.1% in Bangkok.

Thailand's SET Index ended up 1.3% at 782.48 and the Philippines' PSE Index gained 1.5% to 3129.24.

In Bangkok, property stocks gained after the Cabinet approved an extension of tax incentives for the property sector by two months. **Land & House** and **Quality Houses** each ended 0.8% higher. Foreigners continued to invest in Thai stocks as they expect the region to enjoy solid economic growth.

In Manila, **JG Summit Holdings** surged more than 15% as investors bought shares ahead of the planned initial public offering of the conglomerate's airline arm.

Property firm **Ayala Land** gained 4.4% on hopes of robust property sales after the central bank said Monday that its benchmark rate would likely be steady during the first half of 2010, with inflation manageable.

In Sydney, **Arrow Energy** fell 2.2% after investors gave up hope that Royal Dutch Shell and PetroChina will increase their offer to buy the bulk of Arrow's Australian assets.

In Hong Kong, **China Telecom**, jumped 5.1% after the company reported a 63% increase in fiscal-year net profit.

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FUND NAME	GF	AT	LB	NAV DATE	CR	NAV	YTD	12-MO	2-YR
GAM Arbitrage Op	OT	OT	VGB	03/12	USD	1301.17	4.7	31.5	-5.5
GAM Asia Eq Hdg JPY Op	GL	EQ	VGB	03/15	JPY	14381.91	-7.4	74.2	3.9
GAM Asia Equity Hedge US	OT	OT	VGB	03/15	USD	268.79	-7.4	74.7	5.2
GAM Asia Equity USD	OT	OT	VGB	03/22	USD	643.18	-1.6	70.9	-2.4
GAM Asia-Pacific Eq USD	OT	OT	VGB	03/16	USD	1344.25	4.8	61.3	-7.5
GAM Com Glb Bal EUR Op	US	BA	VGB	03/15	EUR	98.23	1.7	32.3	-5.2
GAM Com Glb Bal USD Op	US	BA	VGB	03/15	USD	129.94	1.7	32.3	-5.2
GAM Comp Glb Eq EUR Op	GL	EQ	VGB	03/15	EUR	102.01	1.8	55.0	-9.4
GAM Comp Glb Eq USD Op	GL	EQ	VGB	03/15	USD	129.80	1.8	55.0	-9.4
GAM Comp Glb Gr EUR Op	US	BA	VGB	03/15	EUR	89.29	1.1	38.4	-8.2
GAM Comp Glb Gr USD Op	US	BA	VGB	03/15	USD	128.45	1.1	38.4	-8.2
GAM CompAbsRT EUR Op	OT	OT	VGB	09/30	EUR	141.71	9.1	0.1	-6.9
GAM CompAbsRT SGD Op	OT	OT	VGB	09/30	SGD	102.21	9.2	-0.1	-8.3
GAM CompAbsRT USD Op	OT	OT	VGB	09/30	USD	845.66	9.5	0.7	-7.0
GAM Cptal Apprec Eq Inc	US	EQ	VGB	03/19	USD	259.62	4.4	60.6	-1.7
GAM Cross Trading Inc	OT	OT	VGB	03/15	USD	461.27	-1.0	3.3	NS
GAM Diversity CHF Op	OT	OT	VGB	03/15	CHF	94.61	0.3	3.7	-5.6
GAM Diversity EUR Op	OT	OT	VGB	03/15	EUR	651.39	0.4	4.9	-4.1
GAM Diversity USD 2.5XL	OT	OT	VGB	03/15	USD	78.83	0.7	8.2	-16.4
GAM Diversity USD Op	OT	OT	VGB	03/15	USD	684.14	0.5	4.5	NS
GAM Dvrsty II CHF Op	OT	OT	VGB	03/15	CHF	99.80	0.3	3.0	-5.1
GAM Dvrsty II EUR Op	OT	OT	VGB	03/15	EUR	139.31	0.4	3.3	-4.1
GAM Dvrsty II USD Op	OT	OT	VGB	03/15	USD	211.02	0.4	3.6	-4.4
GAM DvrstyIII EUR Op	OT	OT	VGB	03/15	EUR	115.98	0.4	3.3	-4.2
GAM DvrstyIII USD Op	OT	OT	VGB	03/15	USD	122.48	0.4	3.6	-4.4
GAM Euro Eq Hdg EUR Op	EU	EQ	VGB	03/15	EUR	223.97	2.4	18.4	-0.2
GAM Euro Eq Hdg USD Op	OT	OT	VGB	03/15	USD	207.77	2.2	19.6	1.3
GAM European Equity USD	OT	OT	VGB	03/19	USD	285.63	-2.6	41.3	-8.7
GAM GAMCO	OT	EQ	VGB	03/16	USD	858.29	5.9	94.2	-3.1
GAM Gb EmMkts Hdg EUROp	OT	OT	VGB	03/15	EUR	99.24	1.4	15.4	-14.2
GAM Gb EmMkts Hdg USDOp	OT	OT	VGB	03/15	USD	104.72	1.5	16.1	-13.3
GAM Gbl Divers USD Inc.	GL	EQ	VGB	03/15	USD	259.12	3.7	60.8	-0.9
GAM Grtr China Eq Hdg Op	GL	EQ	VGB	03/15	USD	267.99	-6.5	110.6	25.0
GAM Intrst Trend II	GL	BD	VGB	03/15	USD	110.27	17.1	100.0	1.4
GAM Intrst Trend Inc	OT	OT	VGB	03/15	USD	293.82	16.8	119.1	3.2
GAM Japan Eq Hdg EUR Op	AS	EQ	VGB	03/15	EUR	127.23	9.0	33.1	4.7
GAM Japan Eq Hdg USD Op	OT	OT	VGB	03/15	USD	130.62	7.0	32.4	-9.1
GAM Japan Eq Hdg YEN Open	AS	EQ	VGB	03/15	JPY	8991.96	7.0	33.6	-8.3
GAM Japan USD	JP	EQ	VGB	03/22	USD	1206.11	9.4	36.4	-7.3
GAM Japan YEN	JP	EQ	VGB	03/22	JPY	9526.33	7.9	32.8	-10.1
GAM Money Mkt EuroOp	EU	MM	VGB	03/19	EUR	51.16	0.7	0.7	1.6
GAM Money Mkt USD	US	MM	VGB	03/19	USD	100.02	0.1	0.0	0.5
GAM Multi-Arb EUR Op	OT	OT	VGB	03/15	EUR	112.78	1.4	1.2	-6.8
GAM Multi-Arb USD Op	OT	OT	VGB	03/15	USD	117.67	1.4	1.4	-7.0
GAM Multi-China EUR Op	OT	OT	VGB	03/15	EUR	163.10	-2.9	9.1	-4.1
GAM Multi-China USD Op	OT	OT	VGB	03/15	USD	171.92	-2.6	9.6	-4.7
GAM Multi-Emer Mkts GBP	OT	OT	VGB	03/15	GBP	131.70	0.1	26.0	-0.4
GAM Multi-Emer Mkts USD	OT	OT	VGB	03/15	USD	651.82	0.1	26.1	-0.8
GAM Multi-Eur EUR Op	OT	OT	VGB	03/15	EUR	268.16	-0.3	5.7	-4.8
GAM Multi-Eur II EUR Op	OT	OT	VGB	03/15	EUR	137.98	-0.3	5.2	-4.8
GAM Multi-Eur II USD Op	OT	OT	VGB	03/15	USD	112.78	-0.3	5.2	-5.8
GAM Multi-Eur USD Op	OT	OT	VGB	03/15	USD	466.92	-0.2	5.3	-5.7
GAM Multi-Nth Am EUR Special	OT	OT	VGB	03/15	EUR	134.07	0.1	9.5	-1.1
GAM Multi-Nth Am USD Special	OT	OT	VGB	03/15	USD	218.11	0.0	9.7	-1.2
GAM Multi-Pac EUR Op	GL	EQ	VGB	03/15	EUR	141.27	-1.5	2.5	-2.3
GAM Multi-Pac USD Op	OT	OT	VGB	03/15	USD	163.22	-1.3	2.9	-2.6
GAM Portable Dvr/S&P500	OT	OT	VGB	08/24	USD	70.11	17.7	-27.7	-22.9
GAM Selection Hdg	US	EQ	VGB	03/12	USD	2776.82	5.3	82.1	13.2
GAM Sing/Malaysia	AS	EQ	VGB	03/22	USD	2527.06	0.1	76.6	1.0
GAM Sterling Spe Bd Inc	OT	OT	VGB	03/15	GBP	242.98	5.6	60.2	8.4
GAM Trading EUR Inc	OT	OT	VGB	03/15	EUR	321.78	-1.0	2.9	2.4
GAM Trading USD Inc	OT	OT	VGB	03/15	USD	963.56	-1.0	3.4	1.7
GAM Trdg II IncEUR Op	OT	OT	VGB	03/15	EUR	137.69	-1.0	2.8	2.3
GAM Trdg II IncUSD Op	OT	OT	VGB	03/15	USD	312.87	-1.0	3.4	1.7
GAM Trdg IV IncEUR Op	OT	OT	VGB	03/15	EUR	145.21	-1.1	2.7	2.1
GAM Trdg IV IncUSD Op	OT	OT	VGB	03/15	USD	152.96	-1.0	3.1	1.5
GAM Trdg V IncEUR Op	OT	OT	VGB	03/15	EUR	123.10	-1.1	2.5	2.0
GAM Trdg V IncUSD Op	OT	OT	VGB	03/15	USD	128.33	-1.0	3.1	1.5
GAM TrdgIII IncEUR Op	OT	OT	VGB	03/15	EUR	155.25	-1.1	2.7	2.0
GAM TrdgIII IncUSD Op	OT	OT	VGB	03/15	USD	160.89	-1.0	3.2	1.5
GAM USDSpecBondInc	US	BD	VGB	03/15	USD	578.87	9.2	121.0	13.0
GAM Worldwide	GL	EQ	VGB	03/19	USD	2203.88	-1.0	45.6	-6.4
GAMut Investments	OT	OT	VGB	03/17	USD	7707.81	1.7	3.6	6.5

■ GAM Star Fund Plc

GAMStar-AsEqCHF Ord Ac	AS	EQ	IRL	03/22	CHF	11.05	0.1	56.1	-0.7
GAMStar-AsEqEUR Ord Ac	AS	EQ	IRL	03/22	EUR	12.34	3.6	69.4	4.5
GAMStar-AsEqGBP Ord Ac	AS	EQ	IRL	03/22	GBP	1.65	5.1	62.1	12.4
GAMStar-AsEqUSD Ord Ac	AS	EQ	IRL	03/22	USD	13.15	-2.0	69.4	-1.8
GAMStar-AsPacEqEUR Acc	AS	EQ	IRL	03/19	EUR	111.90	10.6	43.3	0.4
GAMStar-AsPacEqEUR Inc	AS	EQ	IRL	03/19	EUR	108.29	10.6	43.3	0.4
GAMStar-ContEurEqEUR Ac	EU	EQ	IRL	03/22	EUR	11.37	3.4	44.3	0.0
GAMStar-EurpEqEUR Acc	EU	EQ	IRL	03/19	EUR	189.25	3.4	44.7	-2.2
GAMStar-EurpEqEUR Inc	EU	EQ	IRL	03/19	EUR	172.92	3.4	44.7	-2.2
GAMStar-EurpEqUSD Acc	EU	EQ	IRL	03/19	USD	15.62	-2.4	43.4	-8.5
GAMStar-EurpEqUSD Inc	EU	EQ	IRL	03/19	USD	14.16	-2.4	43.3	-8.5
GAMStar-FrontierOppUSD Acc	GL	EQ	IRL	03/19	USD	5.92	7.9	50.1	NS
GAMStar-JpnEq EUR Acc	JP	EQ	IRL	03/22	EUR	98.96	12.5	35.8	0.3
GAMStar-JpnEq EUR Inc	JP	EQ	IRL	03/22	EUR	98.96	12.5	35.8	0.3
GAMStar-JpnEq JPY Acc	JP	EQ	IRL	03/22	JPY	991.62	7.7	31.7	-10.0
GAMStar-JpnEq USD Acc	JP	EQ	IRL	03/22	USD	12.13	9.1	35.0	-7.5
GAMStar-World EqUSD Acc	GL	EQ	IRL	03/19	USD	2219.61	-0.8	46.6	-5.9

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American Growth	US	EQ	LUX	03/23	USD	15.80	3.0	47.8	-6.0
American Growth AA	US	EQ	LUX	03/23	USD	0.91	2.9	47.4	-4.8
Asian Equity	AS	EQ	LUX	03/23	USD	2.42	-1.2	71.0	-1.1
Asian Equity AA	AS	EQ	LUX	03/23	USD	0.78	-1.3	70.3	-1.4
Asian Sm Cap Equity AA	AS	EQ	LUX	03/23	USD	1.21	4.4	118.0	6.8
China Value A	AS	EQ	LUX	03/23	USD	6.89	-2.5	65.3	5.7
China Value AA	AS	EQ	LUX	03/23	USD	2.16	-2.5	64.9	5.5
Dragon Growth	AS	EQ	LUX	03/23	USD	1.60	-2.2	68.0	1.8
Dragon Growth AA	OT	OT	LUX	03/23	HKD	7.78	-2.2	67.7	1.2
Emg Eastrn Europe A	EU	EQ	LUX	03/23	USD	4.73	1.4	105.4	-11.4
Emg Eastrn Europe AA	EU	EQ	LUX	03/23	USD	2.04	1.4	105.1	-11.6
European Growth	EU	EQ	LUX	03/23	USD	8.94	-3.8	56.1	-13.9
European Growth AA	EU	EQ	LUX	03/23	USD	0.64	-3.8	55.8	-14.1
Global Contrarain AA	GL	EQ	LUX	03/23	USD	0.93	4.3	91.9	NS
Global Property AA	OT	EQ	LUX	03/23	USD	0.69	2.6	84.3	-6.6
Global Resources AA	OT	EQ	LUX	03/23	USD	1.07	-1.4	42.8	-10.8
Healthcare AA	OT	EQ	LUX	03/23	USD	1.02	7.0	40.7	NS
India Equity AA	EA	EQ	LUX	03/23	USD	1.10	-0.1	97.7	-0.8
International Growth	GL	EQ	LUX	03/23	USD	3.08	0.3	39.2	-10.0
International Growth AA	GL	EQ	LUX	03/23	USD	0.72	0.3	38.8	-10.3
Japanese Growth	JP	EQ	LUX	03/23	USD	2.88	4.3	33.3	-7.4
Japanese Growth AA	JP	EQ	LUX	03/23	USD	0.76	5.0	33.9	-7.3
Latin America Equity AA	GL	EQ	LUX	03/23	USD	1.28	-1.6	95.3	-2.0
Manulife GF Strategic Income Fund AA	OT	OT	NA	03/22	USD	1.04	3.5	NS	NS
MGF Asia Value Dividend Equity Fund	OT	OT	Lux	03/22	USD	1.15	1.2	NS	NS
Russia Equity AA	EE	EQ	LUX	03/23	USD	0.69	7.1	119.2	-14.9
Taiwan Equity AA	AS	EQ	LUX	03/23	USD	1.02	-4.9	71.2	-2.2
Turkey Equity AA	EE	EQ	LUX	03/23	USD	0.78	-1.0	151.5	4.3
U.S. Bond AA	US	BD	LUX	03/23	USD	1.14	3.0	20.3	8.3
U.S. Sm Cap Equity AA	US	EQ	LUX	03/23	USD	0.93	13.0	87.5	0.5
U.S. Special Opportunities	OT	OT	LUX	03/23	USD	0.90	9.7	104.6	12.2
U.S. Tsy Inf-ProtSec AA	OT	BD	LUX	03/23	USD	1.15	0.6	5.5	0.8

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Indonesian Grth Fund	EA	EQ	CYM	03/17	USD	140.57	10.4	157.3	4.4

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Asia Value Formula Fd-B	AS	EQ	CYM	03/19	USD	8.24	2.7	94.8	2.8

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Bonds Eur Hi Yld A	OT	OT	LUX	03/19	EUR	21.81	5.9	65.1	7.2
Bonds EURO A	OT	OT	LUX	03/19	EUR	41.70	1.6	5.7	4.9
Bonds EUROPE A	OT	OT	LUX	03/19	EUR	39.74	1.6	5.0	4.4
Bonds US OppsCoreplus A	OT	OT	LUX	03/19	USD	37.56	1.8	17.3	7.9
Bonds World A	OT	OT	LUX	03/19	USD	41.59	-1.0	7.5	1.0
Eq. AsiaPac Dual Strategies A	OT	OT	LUX	03/22	USD	10.25	-1.6	74.2	-1.4
Eq. China A	AS	EQ	LUX	03/22	USD	22.68	-6.0	59.4	2.7
Eq. Concentrated Euroland A	OT	OT	LUX	03/19	EUR	92.39	-0.6	33.1	-9.1
Eq. ConcentratedEuropeA	EU	EQ	LUX	03/19	EUR	27.13	0.4	48.8	-8.6
Eq. Emerging Europe A	OT	OT	LUX	03/19	EUR	26.02	10.5	97.6	-14.0
Eq. Euroland A	EU	EQ	LUX	03/19	EUR	10.80	-0.2	40.6	-10.0
Eq. Euroland Small Cap A	OT	OT	LUX	03/19	EUR	147.39	4.4	58.2	-2.6
Eq. EurolandCyclclsA	EU	EQ	LUX	03/19	EUR	18.33	3.0	46.2	-5.4
Eq. EurolandFinancialA	OT	EQ	LUX	03/19	EUR	10.88	-3.8	63.6	-14.3
Eq. Glbl Emg Cty A	GL	EQ	LUX	03/19	USD	9.28	-4.1	61.2	-9.5
Eq. Global A	GL	EQ	LUX	03/19	USD	28.37	1.8	51.6	-7.1
Eq. Global Energy A	OT	OT	LUX	03/19	USD	17.71	-2.4	31.1	-12.3
Eq. Global Resources A	OT	OT	LUX	03/19	USD	108.72	-0.4	46.5	-10.2
Eq. Gold Mines A	OT	OT	LUX	03/19	USD	30.00	-1.0	28.4	-3.7
Eq. India A	OT	OT	LUX	03/22	USD	131.23	0.4	97.1	-0.6
Eq. Japan CoreAlpha A	OT	OT	LUX	03/19	JPY	7849.42	8.2	34.6	-0.8
Eq. Latin America A	OT	OT	LUX	03/19	USD	112.89	-2.9	80.7	-7.2
Eq. US Lg Cap Gr A	US	EQ	LUX	03/19	USD	15.67	2.7	48.3	-4.8
Eq. US Rel Val A	US	EQ	LUX	03/19	USD	21.35	3.7	56.3	-8.5
Eq. US Sm Cap Val A	US	EQ	LUX	03/19	USD	17.07	7.0	59.3	-10.1
Money Market EURO A	EU	MM	LUX	03/19	EUR	27.42	0.1	0.6	2.2
Money Market USD A	US	MM	LUX	03/19	USD	15.83	0.0	0.3	1.2

The National Investor

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TNI Mena Real Estate Fund	OT	OT	BMU	03/18	USD	928.37	-3.4	7.4	-30.9
TNI MENA Special Sits Fund	OT	OT	BMU	02/28	USD	1109.04	2.8	16.0	NS
TNI UAE Blue Chip Fund	OT	OT	ARE	03/18	AED	5.28	-1.0	24.3	-33.1

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Intel-Chin MainInd Foc	AS	EQ	CYM	03/15	USD	29.49	-1.2	94.1	7.9
Intel-China Converg*	AS	EQ	CYM	03/15	USD	112.04	-1.7	93.9	5.5
VP Classic - A	AS	EQ	CYM	03/22	USD	190.22	2.0	87.0	10.2
VP Classic - B	AS	EQ	CYM	03/22	USD	88.56	1.9	86.0	9.6
VP High Dividend Stk	AS	EQ	CYM	03/15	USD	46.73	2.9	99.4	8.2

*formerly known as China ABH Shares Fund

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■ YMR-N Series									
YMR-N Growth Fund	OT	OT	IRL	03/23	JPY	9561.00	1.1	26.8	-12.9
YMR-N Small Cap Fund	OT	OT	IRL	03/23	JPY	6870.00	-2.0	25.5	-13.4
■ Yuki 77 Series									
Yuki 77 General	JP	EQ	IRL	03/23	JPY	6118.00	-0.5	14.7	-16.8
Yuki 77 Growth	JP	EQ	IRL	03/23	JPY	5599.00	-0.8	8.7	-21.3
■ Yuki Chugoku Series									
Yuki Chugoku Jpn Gen	JP	EQ	IRL	03/23	JPY	6964.00	2.0	22.9	-12.4
Yuki Chugoku JpnLowP	JP	EQ	IRL	03/23	JPY	8151.00	8.1	17.7	-10.1
■ Yuki Hokuyo Japan Series									
Yuki Hokuyo Jpn Gen	JP	EQ	IRL	03/23	JPY	4757.00	1.8	19.6	-16.9
Yuki Hokuyo Jpn Inc	JP	EQ	IRL	03/23	JPY	5454.00	3.9	21.2	-11.2
Yuki Hokuyo Jpn Sm Cap	JP	EQ	IRL	03/23	JPY	4968.00	-2.7	22.8	-14.0
■ Yuki Mizuho Series									
Yuki Mizuho Gen Jpn III	OT	OT	IRL	03/23	JPY	4422.00	0.0	18.9	-20.9
Yuki Mizuho Jpn Dyn Gro	OT	OT	IRL	03/23	JPY	4668.00	0.1	19.0	-20.6
Yuki Mizuho Jpn Exc 100	OT	OT	IRL	03/23	JPY	6931.00	-0.6	25.3	-15.6
Yuki Mizuho Jpn Gen	OT	OT	IRL	03/23	JPY	8778.00	1.9	22.1	-12.4
Yuki Mizuho Jpn Gro	OT	OT	IRL	03/23	JPY	6292.00	-1.0	16.3	-15.8
Yuki Mizuho Jpn Inc	OT	OT	IRL	03/23	JPY	7860.00	3.0	12.8	-14.5
Yuki Mizuho Jpn Lg Cap	OT	OT	IRL	03/23	JPY	5294.00	2.0	20.5	-13.9
Yuki Mizuho Jpn LowP	OT	OT	IRL	03/23	JPY	12096.00	4.6	24.9	-8.6
Yuki Mizuho Jpn PGth	OT	OT	IRL	03/23	JPY	7750.00	-2.6	14.8	-18.2
Yuki Mizuho Jpn SmCp	OT	OT	IRL	03/23	JPY	6935.00	-2.8	29.9	-14.1
Yuki Mizuho Jpn Val Sel	OT	OT	IRL	03/23	JPY	5809.00	2.9	23.4	-10.7
Yuki Mizuho Jpn YoungCo	OT	OT	IRL	03/23	JPY	2814.00	3.2	32.0	-17.2
■ Yuki Shizuoka Japan Series									
Yuki Shizuoka General Japan	JP	EQ	IRL	03/23	JPY	5544.00	2.3	21.0	-13.6

For information about listing your funds, please contact: Carson Wong tel: +852 2831-6481; email: carson.wong@dowjones.com

BLUE CHIPS & BONDS

Major players & benchmarks

At right, a look at the Asia Titans, the biggest and best known companies in Asia. Below, some of the Dow Jones Titans indexes of biggest and most liquid stocks in individual countries and regions

Giants around the world

In U.S.-dollar terms.

Dow Jones Country Titans

	INDEX PERFORMANCE		
	Previous session	Year-to-date	52-week
Sweden	0.33%	8.1%	63.6%
Switzerland	0.11	5.4	45.7
Netherlands	1.08	4.3	60.6
U.K.	0.37	4.3	46.0
Japan	-0.04	4.3	18.6
South Africa	-1.46	3.0	25.2
Canada	0.21	1.7	31.8
Australia	1.12	1.4	34.5
Turkey	0.61	0.3	109.9
Singapore	0.58	0.1	73.2
Germany	0.20	0.1	36.4
France	0.44	-0.2%	38.1
Russia	-0.02	-0.7	59.0
South Korea	0.97	-1.5	39.3
Italy	0.26	-1.9	46.4
Hong Kong	0.41	-2.8	42.5
Brazil	0.62	-5.3	85.1
Spain	0.72	-5.5	30.0
China 88	-0.90	-10.0	27.4

Dow Jones Regional Sector Titans

Travel Leisure	0.15%	9.4%	49.6%
Ind Gds Svcs	0.37	9.1	67.4
Pers H'hold Gds	-0.08	6.7	43.4
Arab 50	0.31	6.1	28.1
Retail	-0.04	5.4	41.6
Asian 50	0.38	3.6	43.9
Media	unch.	3.3	53.1
Auto Parts	-0.12	3.0	63.0
Global 50	0.15	-0.5%	35.7
Tiger 50*	0.34	-3.7	55.5

*Asia excluding Japan

Source: Dow Jones Indexes

Dow Jones Asia Titans: Tuesday's best and worst...

Company	Country	Industry	Market value, in billions of US$	Previous close, in local currency	STOCK PERFORMANCE Previous session	52-week	Three-year
Sony	Japan	Consumer Electronics	$40.2	3,645	3.55%	71.5%	-41.3%
Aus NZ Bk	Australia	Banks	59.1	25.45	3.04	64.2	-14.0
National Australia Bk	Australia	Banks	53.2	27.36	2.43	38.0	-32.4
Shinhan Financial Grp	South Korea	Banks	18.0	43,050	2.01	58.0	-19.0
Commonwealth Bk of Australia	Australia	Banks	79.8	56.70	1.70	64.9	12.8
Nippon T&T	Japan	Fixed Line Telecommunications	$56.0	3,825	-2.30%	3.9	-36.7
Takeda Pharm	Japan	Pharmaceuticals	36.9	4,225	-0.82	15.8	-46.1
Mitsui	Japan	Industrial Suppliers	30.5	1,525	-0.78	49.8	-30.4
NTT DoCoMo	Japan	Mobile Telecommunications	65.1	141,100	-0.77	1.7	-34.4
Canon	Japan	Electronic Office Equipment	55.8	4,090	-0.73	42.0	-36.8

...And the rest of Asia's blue chips

Company/Country (Industry)	Market value, in billions (U.S)	Latest, in local currency	STOCK PERFORMANCE Latest	52-week	Three-year
Toyota Motor Japan (Automobiles)	127.4	3,660	1.67%	15.8%	-52.7%
Woodside Petroleum Australia (Exploration Production)	33.7	47.20	1.46	17.5	20.9
Westpac Bking Australia (Banks)	73.4	27.48	1.36	43.6	5.7
QBE Ins Grp Australia (Reinsurance)	19.9	21.18	1.19	11.7	-33.5
BHP Billiton Australia (General Mining)	132.5	43.06	1.10	27.4	44.5
Seven I Hldgs Japan (Broadline Retailers)	21.1	2,117	1.10	-1.5	-41.7
Taiwan Smcndtr Mfg Taiwan (Semiconductors)	48.5	59.60	1.02	14.3	-12.6
Samsung Elec South Korea (Semiconductors)	104.8	809,000	1.00	44.7	39.5
RioZim Ltd Australia (General Mining)	42.1	75.72	0.92	79.8	21.1
KB Fncl Group South Korea (Banks)	17.7	52,400	0.77	53.8	-37.2
Hon Hai Precision Ind Taiwan (Electrical Components Equipment)	37.0	138.00	0.73	111.3	-1.4
East Japan Railway Japan (Travel Tourism)	27.2	6,210	0.65	14.8	-32.7
Hutchison Whampoa Hong Kong (Diversified Industrials)	31.8	57.90	0.61	36.9	-22.9
Woolworths Australia (Food Retailers Wholesalers)	32.3	28.60	0.60	15.0	5.5
Mizuho Financial Grp Japan (Banks)	30.0	193.00	0.52	-16.5	-74.9
CNOOC Hong Kong (Exploration Production)	71.2	12.38	0.49	47.6	87.6
China Constr Bk Hong Kong (Banks)	178.6	6.17	0.49	36.5	38.0
POSCO South Korea (Iron Steel)	35.4	531,000	0.38	39.4	40.1
Nintendo Japan (Toys)	39.6	27,970	0.25	-8.6	-18.5
Nissan Motor Japan (Automobiles)	34.5	767.00	0.13	99.7	-40.9

Company/Country (Industry)	Market value, in billions (U.S)	Latest, in local currency	STOCK PERFORMANCE Latest	52-week	Three-year
Sumitomo Mitsui Finl Japan (Banks)	44.6	2,965	0.07%	-24.4%	-72.8%
Panasonic Japan (Consumer Electronics)	31.3	1,366	...	14.8	-44.0
Shin-Etsu Chml Japan (Specialty Chemicals)	24.4	5,200	...	5.1	-27.8
China Mobile (HK) Hong Kong (Mobile Telecommunications)	192.6	75.20	-0.07	11.8	6.6
PetroChina Hong Kong (Integrated Oil Gas)	24.4	8.96	-0.11	38.1	-0.2
Kansai Elec Power Japan (Conventional Electricity)	21.2	2,127	-0.14	-2.2	-40.4
Cheung Kong (Hldgs) Hong Kong (Real Estate Holding Development)	29.2	97.90	-0.20	38.1	-0.2
Tokyo Elec Power Japan (Conventional Electricity)	36.8	2,463	-0.20	-2.1	-40.7
Tokio Marine Japan (Property Casualty Insurance)	22.2	2,555	-0.35	-4.0	-40.2
Westfield Grp Australia (Retail REITs)	25.6	12.10	-0.41	16.4	-40.8
Mitsubishi UFJ Finl Grp Japan (Banks)	72.7	473.00	-0.42	-11.6	-64.7
China Life Ins Hong Kong (Life Insurance)	34.5	35.95	-0.42	39.3	60.9
Honda Motor Japan (Automobiles)	65.6	3,245	-0.46	39.6	-22.7
Indl Comm Bk China Hong Kong (Banks)	61.2	5.72	-0.52	61.6	30.9
JFE Hldgs Japan (Iron Steel)	21.0	3,595	-0.55	58.4	-50.8
Nippon Steel Japan (Iron Steel)	24.2	348.00	-0.57	26.1	-60.1
Japan Tobacco Japan (Tobacco)	35.8	337,000	-0.59	37.6	-41.0
Sun Hung Kai Prop Hong Kong (Real Estate Holding Development)	38.0	114.90	-0.69	58.7	26.6
Mitsubishi Japan (Industrial Suppliers)	42.3	2,330	-0.72	69.0	-15.7
KDDI Japan (Mobile Telecommunications)	23.1	473,000	-0.73	4.9	-49.7

Sources: Dow Jones Indexes; WSJ Market Data Group

Tracking credit markets & dealmakers

— NOTICE TO READERS —
All statistics published in The Wall Street Journal Asia from markets outside the Asian-Pacific region reflect preliminary data.

Hedge funds

Dow Jones Hedge Benchmark	TOTAL RETURN for rolling periods, net of fees* One week	One month	One quarter	Year to date	One year
Merger Arbitrage	-0.08%	1.95%	0.9%	0.3%	5.6%
Event Driven	0.43	2.43	2.5	2.0	15.3
Equity Long/Short	0.10	2.44	4.2	3.0	8.4

*Estimates as of 03/18/10, after fees; Source: www.djhedgefundindexes.com

Credit derivatives

Spreads on credit derivatives are one way the market rates creditworthiness. Regions that are treading in rough waters can see spreads swing toward the maximum—and vice versa. Indexes below are for five-year swaps.

Markit iTraxx Indexes

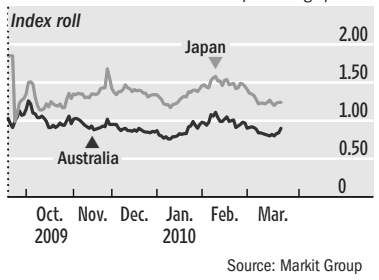
Index: series/version	Mid-spread, in pct. pts.	Mid-price	Coupon	SPREAD RANGE, in pct. pts. since most recent roll Maximum	Minimum	Average
Europe: 13/1	0.83	100.84%	0.01%	0.85	0.82	0.83
Eur. High Volatility: 13/1	1.26	98.73	0.01	1.28	1.25	1.26
Europe Crossover: 13/1	4.63	101.56	0.05	4.68	4.58	4.62
Asia ex-Japan IG: 13/1	1.05	99.77	0.01	1.05	1.03	1.04
Japan: 12/1	1.24	98.91	0.01	1.68	0.99	1.35

Note: Data as of March 22

Spreads

Spreads on five-year swaps for corporate debt; based on Markit iTraxx indexes.

In percentage points



Source: Markit Group

Credit-default swaps: Asian companies

At its most basic, the pricing of credit-default swaps measures how much a buyer has to pay to purchase-and how much a seller demands to sell-protection from default on an issuer's debt. The snapshot below gives a sense which way the market was moving yesterday.

Showing the biggest improvement...

	Yesterday	CHANGE, in basis points Yesterday	Five-day	28-day
Yokogawa Elec	68	**-8**	-3	-24
Mazda Mtr	173	**-5**	-10	-49
IHI	228	**-4**	-31	-80
Teijin	42	**-3**	-8	-23
Sumitomo Rlty Dev	162	**-2**	-6	-78
Chartered Semicon Mfg	146	**-2**	...	-19
Aeon	123	**-2**	-24	-56
Nippon Paper Inds	108	**-2**	-1	-10
Kobe Stl	98	**-1**	-7	-48
Furukawa Elec	103	**-1**	-4	-22

And the most deterioration

	Yesterday	CHANGE, in basis points Yesterday	Five-day	28-day
Rep Korea	85	**9**	9	-17
MISC	77	**10**	6	-23
Malaysia	82	**10**	8	-20
Korea Dev Bk	96	**10**	9	-17
Shin Han Bk	111	**10**	8	-10
Malayan Bkg	82	**11**	7	-24
Expt Import Bk Korea	98	**11**	10	-15
Socialist Rep Vietnam	261	**13**	14	-17
Rep Indonesia	168	**14**	10	-30
Rep Philippines	168	**15**	12	-26

Source: Markit Group

Behind Asia's deals: Bank revenue rankings, Asia

Behind every IPO, bond offering, merger deal or syndicated loan is one or more investment banks. Here are investment banks ranked by year-to-date revenues from recent deals.

	Revenue, in millions	Market share	PERCENTAGE OF TOTAL REVENUE Equity capital markets	Debt capital markets	Mergers & acquisitions	Loans
Sumitomo Mitsui Banking Corp	$174	8.2%	82%	8%	2%	8%
Nomura	133	6.3	62	26	13	...
Goldman Sachs	131	6.2	72	7	20	...
Mizuho	101	4.8	30	38	18	15
Citi	95	4.5	71	9	18	2
Daiwa Capital Markets	82	3.9	64	29	7	...
Mitsubishi UFJ Financial Group	76	3.6	47	34	6	13
Deutsche Bank	74	3.5	66	17	17	1
Barclays Capital	73	3.5	82	15	3	...

Source: Dealogic

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GLOBAL MARKETS LINEUP

Commodities

Prices of futures contracts with the most open interest

EXCHANGE LEGEND: CBOT: Chicago Board of Trade; **CME:** Chicago Mercantile Exchange; **NYBOT:** New York Board of Trade; **MDEX:** Bursa Malaysia Derivatives Berhad; **LIFFE:** London International Financial Futures Exchange; **LME:** London Mercantile Exchange; **NYMEX:** New York Mercantile Exchange; **ICE:** IntercontinentalExchange

Commodity	Exchange	Last price	ONE-DAY CHANGE Net	ONE-DAY CHANGE Percentage	Contract high	Contract low
Corn (cents/bu.)	CBOT	365.75	-5.00	-1.35%	714.00	325.00
Soybeans (cents/bu.)	CBOT	969.50	1.00	0.10%	1,087.50	819.75
Wheat (cents/bu.)	CBOT	482.25	-4.25	-0.87	745.00	472.00
Live cattle (cents/lb.)	CME	92.750	-1.325	-1.41	96.300	83.075
Cocoa ($/ton)	ICE-US	2,930	57	1.98	3,514	2,066
Coffee (cents/lb.)	ICE-US	134.50	1.50	1.13	190.40	118.30
Sugar (cents/lb.)	ICE-US	17.07	-0.77	-4.32	29.00	11.90
Cotton (cents/lb.)	ICE-US	82.55	0.06	0.07	94.00	51.38
Crude palm oil (ringgit/ton)	MDEX	2,610.00	20	0.77	3,600	1,486
Cocoa (pounds/ton)	LIFFE	2,229	18	0.81	2,356	1,475
Robusta coffee ($/ton)	LIFFE	1,284	11	0.86	1,605	1,212
Copper (cents/lb.)	COMEX	339.65	1.60	0.47	355.00	140.00
Gold ($/troy oz.)	COMEX	1104.70	5.40	0.49	1,229.00	785.10
Silver (cents/troy oz.)	COMEX	1695.00	1.50	0.09	1,949.50	916.00
Aluminum ($/ton)	LME	2,257.00	30.00	1.35	2,356.50	1,376.00
Tin ($/ton)	LME	17,600.00	-50.00	-0.28	18,250.00	10,035.00
Copper ($/ton)	LME	7,435.00	95.00	1.29	7,695.00	3,925.00
Lead ($/ton)	LME	2,165.00	5.00	0.23	2,615.00	1,247.00
Zinc ($/ton)	LME	2,269.50	24.50	1.09	2,659.00	1,244.00
Nickel ($/ton)	LME	22,385	485	2.21	22,950	9,475
Crude oil ($/bbl.)	NYMEX	81.88	0.28	0.34	132.95	52.95
Heating oil ($/gal.)	NYMEX	2.1103	0.0124	0.59	3.4240	1.3933
RBOB gasoline ($/gal.)	NYMEX	2.2608	0.0048	0.21	3.1200	1.4650
Natural gas ($/mmBtu)	NYMEX	4.190	0.045	1.09	10.430	4.093
Brent crude ($/bbl.)	ICE-EU	80.74	0.20	0.25	109.11	57.30
Gas oil ($/ton)	ICE-EU	668.00	7.25	1.10	696.00	552.00

Source: Thomson Reuters; WSJ Market Data Group

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Currencies

London close on March 23

AMERICAS	Per euro	In euros	Per U.S. dollar	In U.S. dollars
Argentina peso-a	5.2268	0.1913	3.8630	0.2589
Brazil real	2.4124	0.4145	1.7830	0.5609
Canada dollar	1.3767	0.7264	1.0175	0.9828
1-mo. forward	1.3767	0.7264	1.0175	0.9828
3-mos. forward	1.3767	0.7264	1.0175	0.9828
6-mos. forward	1.3774	0.7260	1.0180	0.9823
Chile peso	721.92	0.001385	533.55	0.001874
Colombia peso	2580.20	0.0003876	1906.95	0.0005244
Ecuador US dollar-f	1.3530	0.7391	1	1
Mexico peso-a	16.9524	0.0590	12.5290	0.0798
Peru sol	3.8378	0.2606	2.8364	0.3526
Uruguay peso-e	26.587	0.0376	19.650	0.0509
U.S. dollar	1.3530	0.7391	1	1
Venezuela bolivar	5.81	0.172091	4.29	0.232848
ASIA-PACIFIC				
Australia dollar	1.4732	0.6788	1.0888	0.9185
China yuan	9.2364	0.1083	6.8264	0.1465
Hong Kong dollar	10.5023	0.0952	7.7620	0.1288
India rupee	61.4691	0.0163	45.4300	0.0220
Indonesia rupiah	12333	0.0000811	9115	0.0001097
Japan yen	122.15	0.008186	90.28	0.011077
1-mo. forward	122.13	0.008188	90.26	0.011079
3-mos. forward	122.08	0.008191	90.23	0.011083
6-mos. forward	121.97	0.008198	90.15	0.011093
Malaysia ringgit-c	4.4914	0.2226	3.3195	0.3013
New Zealand dollar	1.9154	0.5221	1.4156	0.7064
Pakistan rupee	113.724	0.0088	84.050	0.0119
Philippines peso	61.692	0.0162	45.595	0.0219
Singapore dollar	1.8951	0.5277	1.4006	0.7140
South Korea won	1538.42	0.0006500	1137.00	0.0008795
Taiwan dollar	43.068	0.02322	31.830	0.03142
Thailand baht	43.737	0.02286	32.325	0.03094

EUROPE	Per euro	In euros	Per U.S. dollar	In U.S. dollars
Euro zone euro	1	1	0.7391	1.3531
1-mo. forward	1.0000	1.0000	0.7390	1.3531
3-mos. forward	1.0000	1.0000	0.7390	1.3531
6-mos. forward	1.0001	0.9999	0.7391	1.3529
Czech Rep. koruna-b	25.454	0.0393	18.813	0.0532
Denmark krone	7.4404	0.1344	5.4990	0.1819
Hungary forint	264.39	0.003782	195.40	0.005118
Norway krone	8.0276	0.1246	5.9330	0.1685
Poland zloty	3.8883	0.2572	2.8737	0.3480
Russia ruble-d	39.926	0.02505	29.509	0.03389
Sweden krona	9.7041	0.1030	7.1721	0.1394
Switzerland franc	1.4294	0.6996	1.0564	0.9466
1-mo. forward	1.4289	0.6998	1.0561	0.9469
3-mos. forward	1.4281	0.7002	1.0555	0.9474
6-mos. forward	1.4268	0.7009	1.0545	0.9483
Turkey lira	2.0830	0.4801	1.5395	0.6496
U.K. pound	0.8982	1.1134	0.6638	1.5065
1-mo. forward	0.8983	1.1132	0.6639	1.5062
3-mos. forward	0.8986	1.1128	0.6642	1.5057
6-mos. forward	0.8991	1.1122	0.6645	1.5049
MIDDLE EAST/AFRICA				
Bahrain dinar	0.5101	1.9605	0.3770	2.6526
Egypt pound-a	7.4381	0.1344	5.4973	0.1819
Israel shekel	5.0415	0.1984	3.7260	0.2684
Jordan dinar	0.9590	1.0428	0.7088	1.4109
Kuwait dinar	0.3901	2.5634	0.2883	3.4684
Lebanon pound	2030.93	0.0004924	1501.00	0.0006662
Saudi Arabia riyal	5.0741	0.1971	3.7502	0.2667
South Africa rand	9.9233	0.1008	7.3340	0.1364
United Arab dirham	4.9698	0.2012	3.6730	0.2723
SDR -f	0.8879	1.1262	0.6562	1.5239

a-floating rate b-commercial rate c-government rate c-commercial rate d-Russian Central Bank rate f-Special Drawing Rights from the International Monetary Fund ; based on exchange rates for U.S., British and Japanese currencies.
Note: Based on trading among banks in amounts of $1 million and more, as quoted by Thomson Reuters.

Major stock market indexes

Stock indexes from around the world, grouped by region. Shown in local-currency terms.

Price-to-earnings ratio*	Region/Country	Index	PREVIOUS SESSION Close	PREVIOUS SESSION Net change	PREVIOUS SESSION Percentage change	PERFORMANCE Yr.-to-date	PERFORMANCE 52-wk.
18	**ASIA-PACIFIC**	DJ Asia-Pacific	127.21	0.02	0.02%	3.4%	46.6%
...	Australia	SPX/ASX 200	4874.75	44.55	0.92	0.1	36.2
...	China	CBN 600	27290.99	-217.88	-0.79%	-6.1	35.6
16	Hong Kong	Hang Seng	20987.78	54.53	0.26	-4.0	50.9
20	India	Sensex	17451.02	40.45	0.23	-0.1	84.3
...	Indonesia	Jakarta Composite	2720.862	18.461	0.68	7.4	89.5
...	Japan	Nikkei Stock Average	10774.15	-50.57	-0.47	2.2	26.9
...		Topix	947.37	-1.56	-0.16	4.4	16.6
...	Malaysia	Kuala Lumpur Composite	1304.85	11.20	0.87	2.5	48.6
...	New Zealand	NZSX-50	3228.369	-4.930	-0.15	-0.1	22.5
8	Pakistan	KSE 100	9963.35		Closed	6.1	50.6
14	Philippines	Manila Composite	3129.24	45.35	1.47	2.5	63.2
...	Singapore	Straits Times	2905.66	16.48	0.57	0.3	70.3
11	South Korea	Kospi	1681.82	9.15	0.55	-0.1	37.7
20	Taiwan	Weighted	7811.87	-24.11	-0.31	-4.6	49.0
10	Thailand	SET	782.48	10.23	1.32	6.5	78.6
23	**EUROPE**	Stoxx Europe 600	262.22	2.10	0.81	3.6	47.1
14		Stoxx Europe 50	2615.78	16.93	0.65	1.4	42.8
27	**Euro Zone**	Euro Stoxx	275.33	2.34	0.86%	0.2%	41.1%
14		Euro Stoxx 50	2914.01	23.26	0.80	-1.8	36.9
...	Denmark	OMX Copenhagen	358.83	4.90	1.38	13.7	71.2
21	Finland	OMX Helsinki	7270.16	37.51	0.52	12.6	54.1
16	France	CAC-40	3952.55	24.55	0.63	0.4	37.5
15	Germany	DAX	6017.27	29.77	0.50	1.0	43.7
13	Italy	FTSE MIB	22765.89	143.08	0.63	-2.1	43.8
...	Netherlands	AEX	341.51	3.38	1.00	1.8	54.2
...	Russia	RTSI	1524.96	-0.63	-0.04%	6.9	111.3
10	Spain	IBEX 35	10996.2	134.3	1.24	-7.9	37.6
16	Switzerland	SMI	6877.16	10.73	0.16	5.1	39.7
10	Turkey	ISE National 100	54351.70	459.31	0.85	2.9	117.4
14	U.K.	FTSE 100	5673.63	29.09	0.52	4.8	45.1
18	**AMERICAS**	DJ Americas	310.48	0.28	0.09	4.7	49.3
...	Brazil	Bovespa	69137.51	95.78	0.14	0.8	65.4
...	Argentina	Merval	2431.37	17.70	0.73	4.8	116.2
19	Mexico	IPC	33328.85	186.83	0.56	3.8	63.2

*P/E ratios use trailing 12-months, as-reported earnings
European and Americas index data are as of 12:00 p.m. ET.

Sources: Thomson Reuters; WSJ Market Data Group

Thomson Reuters is the primary data provider for several statistical tables in The Wall Street Journal, including foreign stock quotations, futures and futures options prices, and foreign exchange tables. Reuters real-time data feeds are used to calculate various Dow Jones Indexes.

Dow Jones Indexes

Dividend yield*	Price-to-earnings ratio*	Dows Jones Index	Last	Net change	PERFORMANCE Daily	PERFORMANCE Year-to-date	PERFORMANCE 52-wk.	PERFORMANCE Three-yr., annualized
2.19%	19	**Global TSM**	2378.94	2.79	0.12%	2.6%	50.9%	-6.6%
1.92	19	**Global DOW**	2006.37	5.20	0.26	1.1	45.8	-3.4
2.43	15	**Global Titans 50**	172.71	0.27	0.15	-0.5	35.7	-8.8
2.18	25	**Asia/Pacific TSM**	1257.46	0.17	0.01	3.4	51.2	-4.8
2.42	15	**Asia/Pacific ex-Japan TSM**	3095.57	14.27	0.46	0.6	75.5	1.3
2.78	14	**Europe TSM**	2604.37	7.89	0.30	-2.7	48.0	-11.0
1.86	14	**Emerging Markets TSM**	4121.44	16.67	0.41	1.6	81.4	2.0
2.45	33	**Asian Titans 50**	139.06	0.52	0.38	3.6	43.9	-6.6
6.37	6	**BRIC 50**	587.59	3.23	0.55	-1.7	75.0	6.4
0.86	27	**CBN China 600** -c	27290.99	-217.87	-0.79	-6.1	35.6	7.9
2.35	18	**China Offshore 50**	3905.55	1.89	0.05	-4.2	43.8	7.0
0.89	30	**Shanghai** -c	368.93	-3.22	-0.87	-4.8	37.0	8.0
0.56%	46	**Shenzhen -c**	405.34	-2.05	-0.50%	-2.7%	51.1%	13.5%
1.84	22	**U.S. TSM**	12009.23	-0.54	0.00	5.5	48.1	-6.1
4.83	14	**Global Select Div -d**	199.08	0.73	0.37	-1.4	73.8	-10.2
5.34	14	**Asia/Pacific Select Div -d**	274.14	1.71	0.63	2.1	85.8	-9.8
3.70	14	**Hong Kong Select Div -d**	194.99	-1.34	-0.68	4.0	54.4	1.4
4.23	15	**U.S. Select Dividend -d**	331.24	-0.13	-0.04	4.9	45.8	-13.2
1.80	15	**Islamic Market**	2015.83	1.94	0.10	2.1	44.7	-1.9
2.00	15	**Islamic Market 100**	2134.26	0.65	0.03	0.6	33.9	-2.4
2.60	17	**Islamic China/HK Titans 30**	1498.34	3.44	0.23	0.8	44.4	2.8
1.55	12	**Sustainability Korea**	1214.71	5.44	0.45	0.8	69.2	0.5
3.40	17	**Brookfield Infrastructure**	2043.09	2.35	0.12	0.8	43.2	-4.6
		DJ-UBS Commodity -p	132.07	-0.31	-0.23	-5.1	15.6	-8.0

*Fundamentals are based on data in U.S. dollar. Footnotes: c-in local currency. d-dividends reinvested. p-previous day. Note: All data as of 11:30 a.m. ET.

Source: Dow Jones Indexes

Cross rates

U.S.-dollar and euro foreign-exchange rates in global trading

	US$	A$	£	C$	YUAN	EURO	HK$	RUPEE	RUPIAH	YEN	NZ$	WON	RINGGIT	PH. PESO	S$	S FRANC	TW$	BAHT
U.S.		1.089	0.664	1.017	6.826	0.739	7.762	45.430	9114.94	90.280	1.416	1137.00	3.319	45.595	1.401	1.056	31.830	32.325
Australia	0.918		0.610	0.934	6.270	0.679	7.129	41.725	8371.62	82.918	1.300	1044.27	3.049	41.877	1.286	0.970	29.234	29.689
Britain	1.506	1.640		1.533	10.284	1.113	11.693	68.438	13731.20	136.002	2.133	1712.83	5.001	68.687	2.110	1.591	47.950	48.696
Canada	0.983	1.070	0.652		6.709	0.726	7.629	44.651	8958.61	88.732	1.391	1117.50	3.263	44.813	1.377	1.038	31.284	31.771
China	0.1465	0.159	0.097	0.149		0.108	1.137	6.655	1335.26	13.225	0.207	166.56	0.486	6.679	0.205	0.155	4.663	4.735
Euro	1.353	1.473	0.898	1.377	9.236		10.502	61.469	12332.97	122.153	1.915	1538.41	4.491	61.692	1.895	1.429	43.068	43.737
Hong Kong	0.129	0.140	0.086	0.131	0.879	0.095		5.853	1174.31	11.631	0.182	146.48	0.428	5.874	0.180	0.136	4.101	4.165
India	0.0220	0.0240	0.0146	0.0224	0.1503	0.0163	0.1709		200.64	1.9872	0.0312	25.03	0.0731	1.0036	0.0308	0.0233	0.7006	0.7115
Indonesia	0.0001	0.0001	0.0001	0.0001	0.0007	0.0001	0.0009	0.0050		0.0099	0.0002	0.12	0.0004	0.0050	0.0002	0.0001	0.0035	0.0035
Japan	0.011	0.012	0.007	0.011	0.076	0.008	0.086	0.503	100.96		0.016	12.59	0.037	0.505	0.016	0.012	0.353	0.358
New Zealand	0.706	0.769	0.469	0.719	4.822	0.522	5.483	32.092	6438.79	63.774		803.17	2.345	32.208	0.989	0.746	22.485	22.834
South Korea	0.0009	0.0010	0.0006	0.0009	0.0060	0.0007	0.0068	0.0400	8.02	0.0794	0.0012		0.0029	0.0401	0.0012	0.0009	0.0280	0.0284
Malaysia	0.301	0.328	0.200	0.307	2.056	0.223	2.338	13.686	2745.88	27.197	0.426	342.52		13.736	0.422	0.318	9.589	9.738
Philippines	0.022	0.024	0.015	0.022	0.150	0.016	0.170	0.996	199.91	1.980	0.031	24.94	0.073		0.031	0.023	0.698	0.709
Singapore	0.714	0.777	0.474	0.726	4.874	0.528	5.542	32.436	6507.88	64.458	1.011	811.79	2.370	32.554		0.754	22.726	23.079
Switzerland	0.947	1.031	0.628	0.963	6.462	0.700	7.348	43.005	8628.30	85.460	1.340	1076.29	3.142	43.161	1.326		30.131	30.599
Taiwan	0.031	0.034	0.021	0.032	0.214	0.023	0.244	1.427	286.36	2.836	0.044	35.72	0.104	1.432	0.044	0.033		1.016
Thailand	0.031	0.034	0.021	0.031	0.211	0.023	0.240	1.405	281.98	2.793	0.044	35.17	0.103	1.411	0.043	0.033	0.985	

Source: Thomson Reuters via WSJ Market Data Group

MSCI indexes

Developed and emerging-market regional and country indexes from MSCI Barra as of March. 23, 2010

Dividend yield	Price-to-earnings ratio	Morgan Stanley Index	Last	LOCAL-CURRENCY PERFORMANCE Daily	YTD	52-wk.
2.40%	23	**ALL COUNTRY (AC) WORLD***	305.02	-0.09%	1.9%	63.0%
2.50	24	**World (Developed Markets)**	1,193.45	-0.22	2.1	58.9
1.80	83	**World Small Cap**	203.34	-0.69	6.9	83.5
2.50	21	**Kokusai (World ex-Japan)**	1,177.16	-0.19	1.5	61.7
3.00	23	**EAFE**	1,571.30	0.05	-0.6	57.5
2.20	20	**Emerging Markets (EM)**	989.93	0.81	0.0	98.3
2.50	23	**AC ASIA PACIFIC EX-JAPAN**	415.77	1.35	-0.2	94.1
2.20	22	**AC Far East ex-Japan**	444.57	1.51	-1.2	84.8
1.70	145	**Japan**	593.70	0.00	4.4	27.1
2.00	19	**China**	62.61	-1.88	-3.4	72.8
0.90	37	**China A (China Domestic)**	3,165.09	0.30	-6.4	55.2
2.60	23	**Hong Kong**	10,320.49	-1.76	1.4	64.6
0.90	20	**India**	708.89	-1.21	0.3	108.5
1.30	16	**Korea**	472.66	-0.89	-1.7	62.1
2.30	20	**Malaysia**	472.77	-0.20	0.6	42.7
3.10	17	**Singapore**	1,595.46	-0.96	-1.8	78.1
2.70	234	**Taiwan**	279.33	-1.18	-5.6	61.8
3.30	18	**Thailand**	320.74	-0.35	6.3	82.3
3.60	25	**Australia**	998.38	-0.87	-0.3	44.7
5.00	16	**New Zealand**	84.64	0.17	-2.9	15.9
1.90	28	**US BROAD MARKET**	1,303.01	-0.63	5.3	62.2
3.40	16	**EUROPE**	90.29	-0.05	2.3	49.4

*Twenty-three developed and 26 emerging markets

Source: MSCI Barra

SCANNING THE GLOBE

Dow Jones Industrial Average P/E: 17

LAST: **10821.11** ▲ 35.22, or 0.33%
YEAR TO DATE: ▲ **393.06, or 3.8%**
OVER 52 WEEKS ▲ **3,161.14, or 41.3%**

Nasdaq Composite Index P/E: 17*

LAST: **2398.10** ▲ 2.70, or 0.11%
YEAR TO DATE: ▲ **128.95, or 5.7%**
OVER 52 WEEKS ▲ **881.58, or 58.1%**

S&P 500 Index P/E: 23

LAST: **1167.10** ▲ 1.29, or 0.11%
YEAR TO DATE: ▲ **52.00, or 4.7%**
OVER 52 WEEKS ▲ **360.85, or 44.8%**

*Price-to-earnings ratio for the Nasdaq 100 Note: Price-to-earnings ratios are for trailing 12 months

Sources: WSJ Market Data Group; Birinyi Associates

DJIA component stocks

Stock	Symbol	Volume, in millions	Latest	CHANGE Points	CHANGE Percentage
AT&T	T	**7.60**	$26.44	0.04	**0.15%**
Alcoa	AA	**18.00**	14.46	0.12	**0.84**
AmExpress	AXP	**3.50**	41.04	-0.04	**-0.10**
BankAm	BAC	**72.00**	17.07	0.11	**0.64**
Boeing	BA	**2.70**	71.87	-0.04	**-0.06**
Caterpillar	CAT	**8.30**	61.99	2.04	**3.40**
Chevron	CVX	**3.20**	74.34	-0.12	**-0.16**
CiscoSys	CSCO	**23.40**	26.54	0.26	**0.99**
CocaCola	KO	**4.50**	55.04	0.50	**0.92**
Disney	DIS	**3.70**	34.00	0.05	**0.15**
DuPont	DD	**6.00**	38.04	0.25	**0.66**
ExxonMobil	XOM	**10.60**	66.70	-0.27	**-0.40**
GenElec	GE	**71.70**	18.35	0.27	**1.52**
HewlettPk	HPQ	**5.40**	52.84	-0.11	**-0.21**
HomeDpt	HD	**5.50**	32.42	-0.25	**-0.77**
Intel	INTC	**39.90**	22.52	0.28	**1.26**
IBM	IBM	**2.70**	128.23	0.25	**0.20**
JPMorgChas	JPM	**20.30**	44.40	0.66	**1.51**
JohnsJohns	JNJ	**3.60**	65.18	0.08	**0.12**
KftFoods	KFT	**11.60**	30.35	0.62	**2.09**
McDonalds	MCD	**4.20**	66.99	-0.02	**-0.03**
Merck	MRK	**5.80**	38.41	0.11	**0.29**
Microsoft	MSFT	**19.70**	29.76	0.16	**0.55**
Pfizer	PFE	**35.20**	17.42	0.27	**1.57**
ProctGamb	PG	**3.60**	64.18	0.30	**0.47**
3M	MMM	**1.80**	81.40	-0.44	**-0.53**
TravelersCos	TRV	**1.60**	53.58	0.19	**0.36**
UnitedTech	UTX	**2.20**	72.89	0.28	**0.39**
Verizon	VZ	**6.60**	30.85	0.20	**0.65**
WalMart	WMT	**4.30**	55.78	0.16	**0.29**

U.S. stocks: most active...

Stock	Symbol	Volume, in millions	Latest	CHANGE Points	CHANGE Percentage
Citigroup	C	**280.5**	$4.10	$0.06	**1.49%**
FordMotor	F	**119.1**	13.85	-0.14	**-0.99**
SPDR S&P 500	SPY	**94.1**	116.78	0.19	**0.16**
SiriusXM	SIRI	**86.3**	0.86	0.00	**0.07**
CellThrp	CTIC	**73.3**	0.61	0.14	**29.08**
BankAm	BAC	**72.8**	17.07	0.11	**0.65**
GenElec	GE	**71.7**	18.34	0.27	**1.49**
SprintNextel	S	**50.0**	3.87	0.17	**4.45**
Intel	INTC	**40.0**	22.52	0.28	**1.26**
SPDR FnclSelSct	XLF	**36.6**	15.78	0.01	**0.06**
Vale ads	VALE	**35.7**	31.49	1.45	**4.82**
Pfizer	PFE	**35.4**	17.41	0.26	**1.52**
LasVegasSands	LVS	**33.3**	21.14	-0.29	**-1.35**
DrxFinancBear 3x	FAZ	**31.8**	13.92	-0.01	**-0.07**
PwrShrs QQQ	QQQQ	**31.5**	47.98	0.06	**0.13**

Biggest gainers...

SunlinkHlth	SSY	**415.0**	$2.76	$0.56	**25.80%**
IntgtSilSol	ISSI	**2,816.7**	8.92	1.43	**19.09**
MaguirProp	MPG	**8,952.1**	3.14	0.47	**17.60**
SportChalet B	SPCHB	**4.9**	3.37	0.49	**17.01**
PMI Gp	PMI	**10,073.7**	3.66	0.52	**16.56**

...Biggest losers

Oncothyreon	ONTY	**2,801.2**	$3.59	-$1.19	**-24.89%**
Steelcase A	SCS	**1,126.4**	6.49	-0.72	**-9.99**
BearSecS&P Ret	BYG	**2.0**	3.62	-0.38	**-9.47**
PvtMedGrp	PRVTD	**3.7**	2.01	-0.20	**-9.05**
CommBcp	CCBP	**2.4**	17.50	-1.50	**-7.89**

ADRs of Asian companies*

52-WEEK High	52-WEEK Low	Stock	Symbol	Volume, in OOOs	Latest	CHANGE Points	CHANGE Percentage
$11.69	$8.04	**Taiwan Semi**	TSM	**11,095.3**	$10.21	0.03	**0.25%**
82.74	42.33	**BHP Billiton**	BHP	**2,426.2**	79.54	0.85	**1.08**
4.24	2.11	**Utd Microelectronics**	UMC	**1,879.8**	3.63	0.02	**0.55**
40.22	19.80	**Sony**	SNE	**1,600.1**	40.10	1.26	**3.24**
13.30	7.61	**AU Optrncs**	AUO	**1,594.6**	11.48	-0.02	**-0.17**
91.97	60.42	**Toyota Motor**	TM	**1,264.4**	82.09	1.90	**2.37**
8.19	5.21	**Siliconware Prec Ind**	SPIL	**908.7**	6.05	-0.04	**-0.66**
16.20	2.00	**City Telecom**	CTEL	**785.6**	15.92	0.96	**6.41**
5.23	2.14	**Adv Semi Engrg**	ASX	**688.4**	4.39	-0.05	**-1.13**
59.22	40.20	**China Mobile**	CHL	**628.2**	48.54	-0.27	**-0.55**
61.99	25.25	**Infosys Tech**	INFY	**524.2**	61.77	0.18	**0.29**
15.95	9.58	**China Unicom**	CHU	**426.4**	12.03	0.10	**0.84**
18.64	14.64	**SK Telecom**	SKM	**368.8**	16.94	-0.06	**-0.35**
6.84	4.79	**Mitsu UFJ Fnl**	MTU	**344.4**	5.28	0.00	**0**
34.27	13.94	**Aluminum Cp of China**	ACH	**311.0**	26.17	0.03	**0.11**
9.50	5.01	**Nomura Hldgs**	NMR	**291.7**	7.33	-0.07	**-0.92**
81.00	46.84	**China Life Ins**	LFC	**225.1**	69.52	-0.81	**-1.15**
150.50	62.65	**POSCO**	PKX	**219.8**	117.54	0.04	**0.03**
20.49	16.87	**ChunghwaTel**	CHT	**200.0**	19.20	0.02	**0.10**
24.09	18.18	**NTT**	NTT	**174.7**	21.29	-0.32	**-1.48**
18.20	8.88	**Korea Elec Pwr**	KEP	**142.3**	16.42	-0.14	**-0.85**
135.92	76.19	**PetroChina**	PTR	**135.4**	115.49	-1.02	**-0.88**
21.78	12.96	**KT Corp**	KT	**131.3**	20.60	-0.09	**-0.43**
41.87	23.02	**Telekom Indonesia**	TLK	**131.0**	34.72	-0.18	**-0.52**
171.59	96.13	**CNOOC**	CEO	**127.8**	160.73	-0.35	**-0.22**
94.00	52.51	**China Petro & Chem**	SNP	**126.7**	80.67	-0.31	**-0.38**
25.65	6.79	**Yanzhou Coal Mining**	YZC	**119.6**	21.71	-0.37	**-1.68**
9.82	6.24	**Telecom Corp of NZ**	NZT	**113.6**	7.60	-0.05	**-0.64**
34.43	21.60	**Huaneng Power Intl**	HNP	**113.6**	23.62	-0.40	**-1.67**
17.19	10.77	**Matsushita Elec**	PC	**88.6**	15.13	0.06	**0.40**

*Most active American depositary receipts tracked by Dow Jones

Source: WSJ Market Data Group

Global government bonds

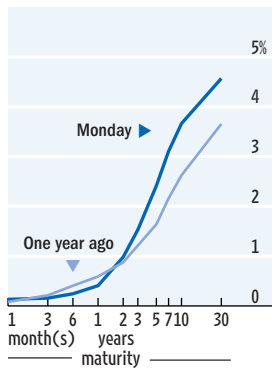
Latest, month-ago and year-ago yields and spreads over or under U.S. Treasurys on benchmark two-year and 10-year government bonds around the world. Data as of 12 p.m. ET

Coupon	Country/ Maturity, in years	Yield	SPREAD OVER TREASURYS, in basis points Latest	Previous	Month ago	Year ago	YIELD Previous	Month ago	Year ago
5.750%	**Australia** 2	**4.900%**	**394.3**	393.6	374.3	**207.9**	**4.905%**	4.665%	**2.985%**
4.500	10	**5.672**	**200.9**	203.3	185.1	**186.5**	**5.698**	5.630	**4.521**
5.000	**Austria** 2	**1.274**	**31.7**	27.2	53.6	**27.2**	**1.241**	1.458	**1.178**
3.900	10	**3.455**	**-20.8**	-19.0	-6.6	**140.2**	**3.475**	3.713	**4.058**
2.000	**Belgium** 2	**1.087**	**13.0**	11.0	33.6	**102.9**	**1.079**	1.258	**1.935**
3.750	10	**3.577**	**-8.6**	-5.1	4.1	**123.6**	**3.614**	3.820	**3.892**
1.500	**Canada** 2	**1.594**	**63.7**	65.1	32.2	**22.3**	**1.620**	1.244	**1.129**
3.750	10	**3.430**	**-23.3**	-20.1	-28.0	**11.5**	**3.464**	3.499	**2.771**
4.000	**Denmark** 2	**1.627**	**67.0**	67.1	89.9	**117.8**	**1.640**	1.821	**2.084**
4.000	10	**3.365**	**-29.8**	-28.4	-20.1	**77.7**	**3.381**	3.578	**3.433**
3.750	**France** 2	**0.888**	**-6.9**	-4.7	18.4	**50.5**	**0.922**	1.106	**1.411**
3.500	10	**3.372**	**-29.1**	-27.5	-20.7	**93.0**	**3.390**	3.572	**3.586**
1.250	**Germany** 2	**0.866**	**-9.1**	-9.4	8.6	**42.2**	**0.875**	1.008	**1.328**
3.250	10	**3.054**	**-60.9**	-59.6	-49.6	**35.5**	**3.069**	3.283	**3.011**
0.640	**Hong Kong** 2	**0.820**	**-13.7**	-15.0	-20.3	**-6.2**	**0.819**	0.719	**0.844**
2.160	10	**2.862**	**-80.1**	-78.7	-73.7	**-58.5**	**2.878**	3.042	**2.071**
5.000	**Italy** 2	**1.364**	**40.7**	39.0	60.1	**106.4**	**1.359**	1.523	**1.970**
4.250	10	**3.906**	**24.3**	27.0	31.1	**167.1**	**3.935**	4.090	**4.327**
0.200	**Japan** 2	**0.150**	**-80.7**	-81.9	-75.3	**-50.6**	**0.150**	0.169	**0.400**
1.400	10	**1.350**	**-231.3**	-229.8	-243.9	**-139.0**	**1.367**	1.340	**1.266**
2.500	**Netherlands** 2	**0.917**	**-4.0**	-6.9	14.8	**62.3**	**0.900**	1.070	**1.529**
3.500	10	**3.322**	**-34.1**	-32.6	-21.9	**107.0**	**3.339**	3.560	**3.726**
5.000	**Portugal** 2	**1.933**	**97.6**	103.1	56.0	**130.2**	**2.000**	1.482	**2.208**
4.800	10	**4.331**	**66.8**	67.7	65.3	**187.9**	**4.342**	4.432	**4.535**
5.350	**Spain** 2	**1.131**	**17.4**	18.1	48.6	**103.9**	**1.150**	1.408	**1.945**
4.000	10	**3.826**	**16.3**	19.1	27.4	**139.7**	**3.856**	4.053	**4.053**
2.750	**Switzerland** 2	**0.466**	**-49.1**	-50.1	-45.6	**-51.6**	**0.468**	0.466	**0.390**
2.250	10	**1.925**	**-173.8**	-175.6	-179.0	**-57.4**	**1.909**	1.989	**2.082**
3.250	**U.K.** 2	**0.990**	**3.3**	6.6	22.6	**41.5**	**1.035**	1.148	**1.321**
3.750	10	**3.914**	**25.1**	25.4	49.5	**48.4**	**3.919**	4.274	**3.140**
0.875	**U.S.** 2	**0.957**	**...**	...	...	**...**	**0.969**	0.922	**0.906**
3.625	10	**3.663**	**...**	...	...	**...**	**3.665**	3.779	**2.656**

Source: Thomson Reuters

U.S. Treasury yield curve

The curve shows the yield to maturity of current bills, notes and bonds; all data as of 3 p.m. ET.



Ryan Index	Yield to maturity	Modified duration	TOTAL RETURN Month to-date	Quarter to-date	Year to-date	12-month
30-year Treasury	**4.570%**	16.11	-0.34%	2.03%	2.03%	-10.32%
10-year Treasury	**3.664**	8.23	-0.36	2.30	2.30	-4.94
7 Year Treasury	**3.106**	6.21	-0.24	2.73	2.73	-0.84
Five-year Treasury	**2.415**	4.63	-0.47	1.91	1.91	0.43
Ryan Index	**2.711**	6.67	-0.34	1.82	1.82	-1.85
3 Year Treasury	**1.531**	2.91	-0.37	1.18	1.18	2.33
Two-year Treasury	**0.981**	1.92	-0.29	0.69	0.69	1.84
1 Year Treasury	**0.407**	0.97	-0.05	0.20	0.20	1.14
Six-month Treasury	**0.244**	0.50	-0.01	0.04	0.04	0.52
Ryan Cash Index-a	**0.235**	0.45	-0.01	0.07	0.07	0.52
Three-month bill	**0.157**	0.25	...	0.02	0.02	0.30
One-month bill	**0.132**	0.07	0.01	0.01	0.01	0.11

a-Performance of a cash investment

Source: Ryan ALM

Key money rates

	Latest	52 wks ago
Prime rates		
U.S.	**3.25%**	3.25%
Canada	**2.25**	2.50
Japan	**1.475**	1.475
Britain	**0.50**	0.50
ECB	**1.00**	1.50
Switzerland	**0.52**	0.52
Australia	**4.00**	3.25
Hong Kong	**5.25**	n.a.
Libor		
One month	**0.24606%**	0.52094%
Three month	**0.28353**	1.22625
Six month	**0.43375**	1.77375
One year	**0.89125**	2.03250

	Latest	52 wks ago
Euro Libor		
One month	**0.36688%**	1.16188%
Three month	**0.58250**	1.55438
Six month	**0.89750**	1.71875
One year	**1.19250**	1.86375
Hibor		
One month	**0.08786**	0.28750%
Three month	**0.13821**	0.86893
Six month	**0.24000**	1.17000
One year	**0.55929**	1.57071
Asian dollars		
One month	**0.2496%**	0.53%
Three month	**0.2806**	1.2238
Six month	**0.4176**	1.7650
One year	**0.8810**	2.0175

	Offer	Bid
Eurodollars		
One month	**0.3100%**	0.2100%
Three month	**0.3700**	0.2300
Six month	**0.5500**	0.3500
One year	**0.9500**	0.6500

	Latest	52 wks ago
U.S. discount	**0.75%**	0.50%
Fed-funds target	**0.25**	0.25
Call money	**2.00**	2.00
Overnight repurchase rates		
U.S.	**0.26%**	0.23%
U.K. (BBA)	**0.510**	0.600
Euro zone	**0.29**	0.93

Sources: WSJ Market Data Group; Reuters

MARKETS LINEUP

Moving the markets

At right, Japan's benchmark stock index and the biggest movers among the larger Asian stocks indexes and stocks Tuesday. Below each index are its most actively traded stocks. The charts show the percentage change in each index's or stock's value, rather than the point change, for purposes of comparison. The index level or stock price is indicated on each axis. All indexes and stocks are shown in local currency terms.

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Asian index movers...

Nikkei Stock Average
Japan 10774.15

▼ **0.47% or 50.57**

Light but broad profit-taking, triggered in part by a stubbornly strong yen, offset strong buying in select individual shares such as Toshiba and Sony.

Stock	Volume in millions	Change Close	Change Net	Change %
Toshiba	**118.93**	466	16	3.56
Mizuho Financial	**84.83**	193	1	0.52
Clarion	**54.44**	204	12	6.25
Hitachi	**33.44**	325	–1	–0.31
All Nippon Air	**33.06**	267	–17	–5.99

ASX 200
Australia 4874.75

▲ **0.92% or 44.55**

Banks, resources and energy stocks rallied to push the index to a nine-week high. National Australia Bank, BHP Billiton and Woodside gained.

Stock	Volume in millions	Change Close	Change Net	Change %
Boart Longyear	**47.05**	0.32	unch	...
Fairfax Media	**44.51**	1.79	0.04	1.99
Telstra	**42.88**	3.12	–0.04	–1.27
GPT Group	**32.59**	0.57	unch	...
Arrow Energy	**31.02**	4.99	–0.11	–2.16

CBN 600
China 27290.99

▼ **0.79% or 217.88**

Banks led shares south on expectations they will announce lower dividends in their annual earnings reports. Chinese airlines also fell as investors locked in recent gains.

Stock	Volume in millions	Change Close	Change Net	Change %
InsigmaTech	**165.42**	8.83	0.04	0.46
HunanJinCerealsInd	**146.36**	9.00	0.82	10.02
JiangsuChElecTech	**133.80**	11.09	0.16	1.46
BaoshanIron&Steel	**93.62**	8.01	–0.18	–2.20
InnerMoBaotouSteel	**92.67**	4.26	0.12	2.90

Straits-Times
Singapore 2905.66

▲ **0.57% or 16.48**

Fraser & Neave gained as analysts remained positive on the earnings outlook for its food and beverages and property divisions. Some commodity firms fell on profit-taking.

Stock	Volume in millions	Change Close	Change Net	Change %
Genting Spore	**71.57**	0.94	–0.01	–0.53
Golden Agri	**32.07**	0.57	0.01	0.89
CapitaLand	**9.13**	4.04	0.02	0.50
Noble Grp	**8.64**	3.31	–0.03	–0.90
Sing Telecom	**8.42**	3.22	0.05	1.58

Asian stocks in the news

Olympus
Japan ¥2,919

▲ **3.3% or ¥94**

Shares got a boost from a Nomura Securities upgrade and price-target increase.

Price-to-earnings ratio	**16**
Earnings per share, past four quarters	**188.00**
Dividend yield	**1.0**

	PERCENTAGE CHANGE Daily	1 wk.	52 wks
Health Care	**-0.2%**	1.4%	39.5%
Olympus	**3.3%**	1.8%	75.9%

Sony
Japan ¥3,645

▲ **3.6% or ¥125**

Shares rose on hopes for the firm's 3D TV businesses via a partnership with Google.

Price-to-earnings ratio	**none**
Earnings per share, past four quarters	**-69.70**
Dividend yield	**0.7**

	PERCENTAGE CHANGE Daily	1 wk.	52 wks
Personal & Hshld Gds	**-0.2%**	2.0%	44.1%
Sony	**3.6%**	8.2%	71.5%

Toshiba
Japan ¥466

▲ **3.6% or ¥16**

The firm said it was in talks to jointly develop advanced nuclear reactors with another company.

Price-to-earnings ratio	**none**
Earnings per share, past four quarters	**-9.40**
Dividend yield	**none**

	PERCENTAGE CHANGE Daily	1 wk.	52 wks
Indus Gds & Svcs	**...**	1.3%	60.7%
Toshiba	**3.6%**	8.4%	71.3%

Li & Fung
Hong Kong HK$42.05

▲ **4.7% or HK$1.90**

Exporters rose as overseas demand is expected to rise as the global economy recovers.

Price-to-earnings ratio	**59**
Earnings per share, past four quarters	**0.72**
Dividend yield	**1.4**

	PERCENTAGE CHANGE Daily	1 wk.	52 wks
Personal & Hshld Gds	**-0.2%**	2.0%	44.1%
Li & Fung	**4.7%**	5.4%	119.0%

China Telecom
Hong Kong HK$3.74

▲ **5.1% or HK$0.18**

The fixed-line operator jumped after reporting a huge rise in fiscal-year net profit.

Price-to-earnings ratio	**19**
Earnings per share, past four quarters	**0.20**
Dividend yield	**2.3**

	PERCENTAGE CHANGE Daily	1 wk.	52 wks
Telecommunications	**-0.3%**	0.3%	20.3%
China Telecom	**5.1%**	7.8%	17.2%

Asustek Computer
Taiwan TW$55.40

▼ **2.1% or TW$1.20**

The computer maker tacked on additional losses.

Price-to-earnings ratio	**64**
Earnings per share, past four quarters	**0.86**
Dividend yield	**3.6**

	PERCENTAGE CHANGE Daily	1 wk.	52 wks
Technology	**-0.1%**	1.3%	65.5%
Asustek Computer	**-2.1%**	-2.3%	49.6%

Bharti Airtel
India 306.80 rupee

▼ **3.0% or 9.50 rupee**

UBS said the mobile-phone operator could be hurt by the auction of 3G bandwidth in India.

Price-to-earnings ratio	**13**
Earnings per share, past four quarters	**24.48**
Dividend yield	**0.3**

	PERCENTAGE CHANGE Daily	1 wk.	52 wks
Telecommunications	**-0.3%**	0.3%	20.3%
Bharti Airtel	**-3.0%**	4.1%	1.7%

Mitsui Fudosan
Japan ¥1,532

▼ **3.3% or ¥52**

Real-estate shares weakened as the outlook for land prices remains gloomy.

Price-to-earnings ratio	**27**
Earnings per share, past four quarters	**56.20**
Dividend yield	**1.4**

	PERCENTAGE CHANGE Daily	1 wk.	52 wks
Real Estate	**-0.7%**	-0.9%	56.1%
Mitsui Fudosan	**-3.3%**	-6.0%	33.7%

China Res Land
Hong Kong HK$15.68

▼ **4.5% or HK$0.74**

Mainland developers remained laggards as sector-tightening concerns linger.

Price-to-earnings ratio	**29**
Earnings per share, past four quarters	**0.53**
Dividend yield	**0.9**

	PERCENTAGE CHANGE Daily	1 wk.	52 wks
Real Estate	**-0.7%**	-0.9%	56.1%
China Res Land	**-4.5%**	-6.4%	41.0%

All Nippon Airways
Japan ¥267

▼ **6.0% or ¥17**

Japan's second-biggest airline more than doubled its annual loss estimate.

Price-to-earnings ratio	**none**
Earnings per share, past four quarters	**-25.70**
Dividend yield	**none**

	PERCENTAGE CHANGE Daily	1 wk.	52 wks
Travel & Leisure	**-0.1%**	0.8%	29.9%
All Nippon Airways	**-6.0%**	-4.0%	-34.6%

HEARD ON THE STREET

Email: heard@wsj.com FINANCIAL ANALYSIS & COMMENTARY WSJ.com/Heard

India 3G: a costly license

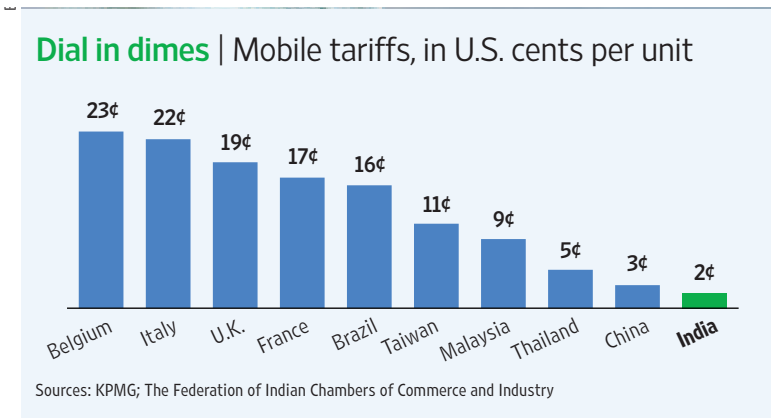
India's telecommunications companies are entering an arms race. Many global companies, wisely, are staying away.

New Delhi will auction slots for India's so-called third generation, or 3G, wireless spectrum in early April. Newcomers are conspicuously absent from the list of interested bidders.

On the surface, this seems puzzling. The auction offers foreign wireless companies a way into the world's second-largest—and fastest growing—market by subscribers. In truth, India's telecommunications market faces a harsh reality.

Already, India's 12 mobile-services providers—four times the number operating in China, South Korea and Singapore—are caught in a price war. Rates, already among the lowest globally, have fallen as much as 20% in the past six months to as little as one-fifth of one U.S. cent a minute.

Cash flow will be strained further by the high cost of a 3G license and the infrastructure needed to utilize it. The auction seems designed to generate the maximum revenue possible for New Delhi: only three of the nine companies bidding for the 3G license will be able to piece together a national 3G network through the process. The bidding for that starts at $769 million, but competition will ensure this price rises sharply.



Meanwhile, the battle for customers means generating revenue from the new network will be a challenge.

A large, untapped market lies in India's villages. But there, the network infrastructure is difficult to set up and incomes are too low for 3G's costly services, such as Internet browsing, to take hold. It means a fight for urban customers is in store.

The process also could drag on. The auction, already postponed three times in the past year, may finally occur as planned next month. But the actual allotment of the spectrum requires India's defense forces to relinquish the radio bandwidth they control. That will only happen once New Delhi can build the military a separate cable network to replace those airwaves, and that timeframe hasn't yet been set.

Still, India's large young population and their spendthrift lifestyles are hard to shrug off. The country's mobile-phone market is likely to increase at an annual rate of more than 30% in the next three years, Euromonitor says.

But it is a prize that will come only after a long and costly battle.

—Harsh Joshi

Japan's IPO market isn't back to normal just yet

This doesn't mean things are back to normal in Japan's IPO market.

On Tuesday, **Dai-ichi Mutual Life Insurance** priced an $11.2 billion initial public offering in the middle of the expected range. It will be Japan's biggest offering since 1998, and it means Japan's IPO market will look much healthier come year end.

In 2008 and 2009 combined, only $1.8 billion was raised via IPOs in Japan, Dealogic says. That compares with the annual average of $11 billion from 2000 to 2007.

Still, one big deal hardly means things are back to normal. Instead, it will be the return of a large number of small offerings that mark that change.

How Dai-ichi's stock fares in the coming months will be key to whether this adds luster to other listings

In 2006, the best year for issuance recently, roughly 200 companies tapped the markets for funds. In 2009, there were only 29 offerings in Japan. In 2010, with only a week to go in the first quarter, there have been six.

Chalk this up to a lack of demand. Follow-on stock offerings by Japan's corporate giants have diverted large amounts of capital away from potential issuers. Japan Inc. raised nearly $58 billion last year to fill balance-sheet holes. This will continue in 2010. One bank alone, **Mizuho Financial Group**, is expected to raise as much as $11 billion to shore up its capital base.

Meanwhile, deflation is undermining the earnings power of domestic companies and the attractiveness of the overall stock market. Foreigners may be returning again to Japanese stocks but the market isn't exactly rip-roaring: The Nikkei Stock Average of 225 companies is up just about 2% in 2010.

Dai-ichi's offering was embraced by individual investors who hold $17 trillion in assets. But they did so because Dai-ichi is a household name—a claim few small companies can make.

How the stock fares in the coming months will be key to whether this adds luster to other listings. Keeping the proverbial "Mr. and Mrs. Watanabe" as customers is of course a prerequisite to pitching them lower-profile deals.

But there is more at stake than stock broker commissions. Lack of access to capital is contributing to the fact that fewer companies are starting up in Japan than closing shop.

In other words, without a revival in demand for Japanese IPOs, the next **Nintendo** or **Honda Motor** may never get off the ground.

—James Simms

At Google, a search for Web freedom

By Martin Peers

Google to China: Your move.

At first glance, **Google**'s decision to redirect Chinese users to its uncensored Hong Kong site looks like a clever compromise to the moral dilemma posed by China's censorship rules. The risk is that an angry China simply blocks access to the Hong Kong site from the mainland and makes life very difficult for Google in China for years to come.

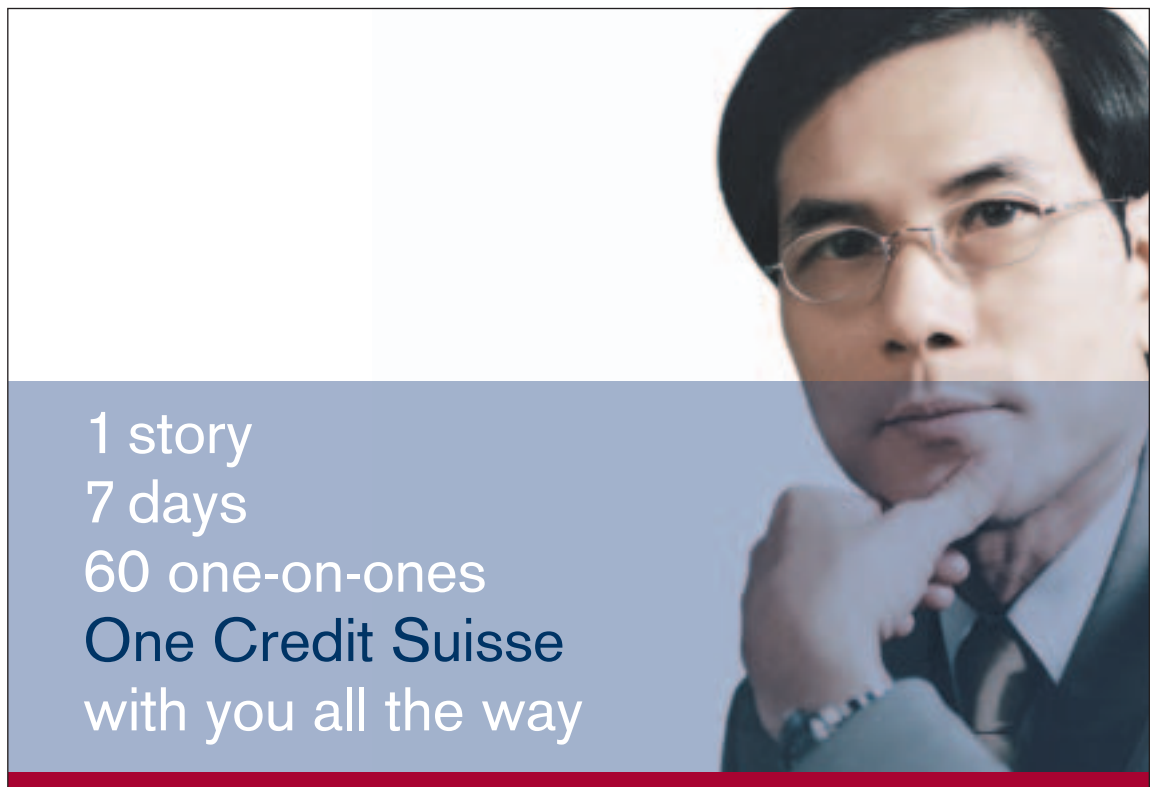
The Hong Kong site was already an uncensored option for mainland Chinese, though availability wasn't guaranteed. Google now is adding the simplified Chinese language it used on Google.cn as the default for mainland visitors to the Hong Kong site. That enables Google to give mainland China users essentially the same experience it offers Hong Kong users, while enabling Google to argue it isn't breaking the law. Google appears to be almost daring the Chinese government to respond.

The move suggests Google has realized the full implications of shutting down its Chinese offices, which it said in January could result from its decision to stop censoring Google.cn. Google now says it will continue research and development in China and maintain a sales presence. That makes sense given that the commercial potential of China is too big for any company to ignore, whatever the moral qualms of Google's founders. While revenue from Google.cn isn't significant now, that will surely change. Jefferies & Co. estimated Monday that Google captures about 30% of China's Internet traffic, making it the second-biggest "traffic generating country for Google behind the U.S."

Google appears to be almost daring the Chinese government to respond.

This drama is surely far from over. But the ball is in China's court.

—Martin Peers



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